

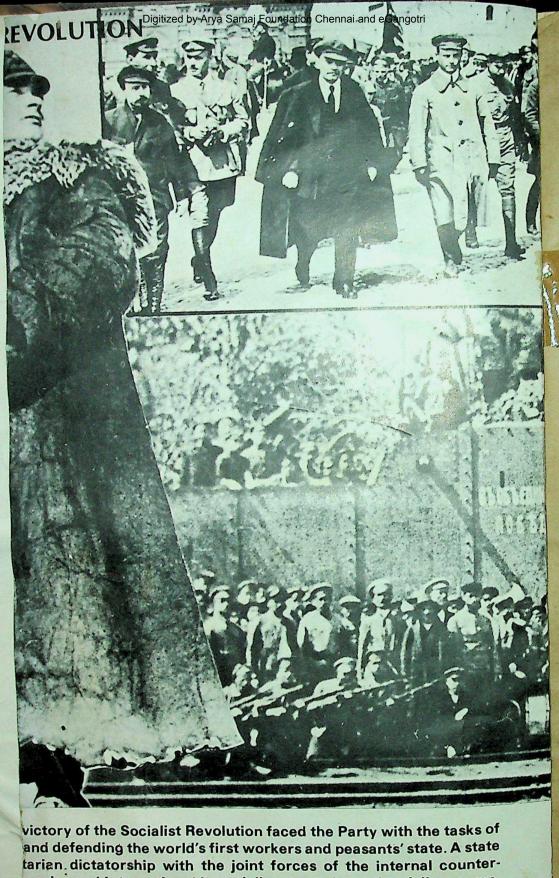
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# PROFIT-SHARING AND LABOUR CO-PARTNERSHIP.

MINISTRY OF LABOUR (INTELLIGENCE AND STATISTICS DEPARTMENT).



REPORT

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ROFIT-SHARING

AND

LABOUR CO-PARTNERSHIP

IN THE

UNITED KINGDOM.

Presented to Parliament by Command of His Majesty.



HM. STATIONERY OFFICE A THE MANA.
IMPERIAL HOUSE, KINGSWAY, LONDON, 28, ABINGDON STREET, LONDON, S.W.1;
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[Cmd. 224] of Session 1919. Price]1d. (2d.).

#### INCOME TAX.

ALLOWANCES FOR WEAR AND TEAR AND OBSOLESCENCE OF PLANT AND MACHINERY, &c.

STATEMENT RESPECTING. Memorandum by the Board of Inland Revenue:—Legal Position; Rates Fixed by Agreement in Certain Trades; Temporary Variations Necessitated by War Conditions; Obsolescence; Renewals; Buildings and other Wasting Assets excluded from the Depreciation Allowance; "Controlled Establishments." Schedule of Agreed Rates of Depreciation. Appendix:—Acts relating to Deductions for Wear and Tear of Machinery and Plant—The Customs and Inland Revenue Act, 1878 (sec. 12), the Finance Acts, 1907 (sec. 26), 1916 (sec. 39), and 1917 (sec. 16).

[Cd. 9022] of Session 1918. Price 1d. (11d.).

FURTHER STATEMENT. Similar to the above, and dealing also with:—Appeal to Board of Referees; Income Tax Authorities concerned; The Commissioners of Inland Revenue; The Income Tax Commissioners; and the Finance Act, 1918 (sec. 24).

[Cd. 9134] of Session 1918. Price 1d. (2d.).

#### INLAND REVENUE.

SIXTY-FIRST REPORT OF THE COMMISSIONERS, FOR 1917-18.

Inland Revenue Designerally; Estate, &c., Duties; Stamp Duties; Land Tax—Great Britain; Inhabited House Duty—Great Britain; Income Tax; Super Tax; Excess Profits Duty, &c.; Duties on Land Values; Local Taxation Accounts; Compensation under the Licensing (Consolidation) Act, 1910.

[Cd. 9151] of Session 1918. Price 3d. (41d.).

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# EMPLOYEES' CONTROL THROUGH SHAREHOLDERS' MEETINGS. 25

existence of a profit-sharing scheme has depressed the rate of wages will no longer arise, at least as regards the minimum rate,

which will be fully protected by law.

The case of gas undertakings, and other undertakings with local monopolies, is somewhat different. Here the difficulty is that, from the nature of the case, it is impossible to determine whether a rate of wages would have been higher but for the bonus, and, if so, by how much. To decide this it would be necessary to compare the rates of wages paid in two gasworks, both in the same locality and working under identical conditions, except that one had a profit-sharing scheme and the other had not; and this state of things cannot, of course, be found.

not; and this state of things cannot, of course, be found.

The question whether the profit-sharing bonus is a clear addition to wages could not in any case be answered without very minute enquiry; and in the present circumstances it is further complicated by the great general rise in wages that has taken place—a rise in which the existence or non-existence of a profit-sharing bonus of 5 or 6 per cent. sinks into relative insignificance. If it would be difficult to determine whether the ordinary rate of wages paid was the standard rate for the trade, irrespective of the profit-sharing arrangement, it would be even more hopeless to attempt to decide such a hypothetical question as, whether any particular war-wage advance granted by a firm practising Profit-sharing was less than what would have been granted if the profit-sharing arrangement had not been in existence, and, if so, by how much.

Employees' Control through Shareholders' Meetings.—The figures given on page 44 show that the proportion of votes which might be given at a shareholders' meeting by the employees, in virtue of shares held by them, is almost negligible in all but a very small number of cases. At first sight this virtual absence of control through the shareholders' meeting may seem to invove the failure of the aspirations of certain advocates of Profit-sharing and Co-partnership who have been accustomed to attach importance to the employees acquiring control in this manner. It was also hoped by these advocates of Co-partnership that the employees of a business would be able, as shareholders, to gain an insight into the capitalists' commercial difficulties and financial hazards and anxieties.

It is open to question, however, whether the shareholders' meeting is the best medium through which the employees may exercise that control, and gain that knowledge, which is desiderated. The shareholders' meeting is held once, or in some cases twice, a year, often in London or in some other commercial centre remote from the works. The various proposals of the board of directors, as regards dividends, &c., are almost invariably passed with little or no serious opposition, in the presence of a handful of the shareholders; and the chief purpose of the meeting is to give the directors an opportunity of explaining the position of the industry in general, and of the undertaking which they control in particular.

The shareholders, however, are obviously in a very different position from the workpeople: in the case of a large concern

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there may be many thousands of shareholders scattered all over the country, and only seeing one another (if at all) at the general meeting or meetings; moreover, a large proportion of the shareholders, in many companies, have only very small holdings, so that their interest in the Company's welfare is slight, and their power of influencing its management practically nil. people, on the other hand, are dependent upon the undertaking in which they are employed for their livelihood; above all. they are always on the spot, so that their views can be ascertained promptly and easily at any moment. It seems obvious, therefore, that any organisation that may be formed for enabling the employees of such an undertaking to confer with the directors, or to control the conditions of their employment, should be such as can be summoned rapidly, and as often as occasion requires; something in every way totally unlike a shareholders' meeting.

It is interesting to note what great progress has already been made in the setting up of such bodies. The question may be studied under the two headings of (a) educating the employees in the commercial and financial aspects of the business, and (b) giving the employees some control over the conditions of their

employment.

- (a) It is very usual for the firm to have a general meeting of the employees once or twice a year, at which the bonus for the year is announced, and the head or heads of the firm discuss the difficulties which the firm have met during the past year, the prospects for the coming year, and so on. Messrs. J., T. and J. Taylor, Limited, may be taken as an example. This is a private limited company, with no outside shareholders; there is, however, an annual meeting of employee-shareholdersall the employees are actual or prospective shareholders—at which Mr. T. C. Taylor, the head of the firm, reviews the history of the past year, and deals with future prospects. ceedings are exactly similar to those of an ordinary shareholders' meeting, except that (i) Mr. Taylor announces the bonus payable under the profit-sharing scheme, instead of putting to the vote of the shareholders the directors' proposals as to dividend, and (ii) that an enormously larger proportion of the shareholders, and those much more deeply interested in the concern, are present Messrs. Lever than at an ordinary shareholders' meeting. Brothers, Messrs. Clarke, Nickolls and Coombs, and other firms, have similar annual meetings of their employees.
  - (b) Practically all the profit-sharing gas companies, and a large number of other firms having profit-sharing schemes, have Co-partnership Committees (or other like bodies), which are primarily set up to administer the profit-sharing (or co-partnership) scheme, but which also generally have other duties, such as supervising the working of pension schemes, provident clubs, and the like, or suggesting improvements in "welfare" work, or in details of factory management, and so on. In fact, it would appear that those Committees have been most successful upon which the greatest amount of responsibility has been placed.

The reader is particularly referred to the account of the Copartnership Committee which has been set up by the South Metropolitan Gas Company, on pp. 50-52, and to the remarks of the British Cyanides Company, Limited, quoted on pp. 94-5.

It should be noted that an increase in the responsibilities of the Co-partnership Committee has the great advantage of necessitating frequent meetings, and thereby keeping alive interest in the Co-partnership scheme. This goes far to solve one of the great difficulties confronting schemes of Profit-sharing and Co-partnership—that of maintaining interest in the scheme in the long interval between one declaration of bonus and another. Some firms seek to attain the same end by having a works magazine, published at monthly or other short intervals.

Experience suggests that care in the preparation of a suitable scheme, and in explaining it to the workpeople, is of the first importance in starting a scheme; and similarly that time and trouble spent in working it are the best means of insuring its continuance. Upon this point, the following remarks of the Secretary and General Manager of the Chester Gas Company (the first provincial gas company to introduce a Profit-sharing

scheme) are of interest:

"The success of the scheme is dependent on the personality of the management. If care is exercised and time given to meetings of committee and employees, I am confident the scheme is highly beneficial on all counts."

Other Results of Profit-sharing.—It would, however, be misleading to judge Profit-sharing or Co-partnership solely by the financial results, or by the amount of control which they enable the employees to exercise through the shareholders' meeting: it is necessary to enquire also how far the various schemes of Profit-sharing or Co-partnership which have been tried have achieved, generally, the objects for which they were established.

A majority of the employers who have made retures express satisfaction with the result of their schemes; but an appreciable minority express some measure of disappointment. Among the commonest complaints are that the stimulus which the scheme was intended to give reached only a minority of the employees; or that the stimulus which it gave at its first inception wore off as time went on; or that the employees come to look on the bonus as a matter of course, when it comes, while in bad years, when it is not forthcoming, there is great discontent. This disappointment, as was to be expected, is shown most strongly in the abanboned schemes, where the failure of the scheme to supply and maintain the hoped-for stimulus has been so manifest as to lead to its termination. Examples of this will be found among the cases quoted on pp. 116-21. Some of the other firms quoted in Appendix B, as having abandoned their schemes owing to "dissatisfaction with the results," or owing to the "apathy of the employees" were reported in the Profit-sharing Report of 1894 as highly satisfied with the success of the system.

On the whole, it must be concluded that, if the employer looks to a scheme of Profit-sharing to stimulate his workpeople to increased exertion, and to maintain the stimulus for a long

period of years, he is not unlikely to be disappointed. In the first place there is the danger that, owing to a decline in profits, the bonus may fall to a very low level, or even cease to be payable entirely; and, except in a very well-established scheme, such a decline in the bonus, especially if long continued, may well be fatal to the scheme.

Another difficulty which is often mentioned as leading to a loss of interest is the fact that the bonus, in most schemes, is payable only once a year: employers find that it requires an unusual degree of foresight to make a worker put forth exceptional efforts, or take special care to avoid waste, &c., for the sake of a reward which may or may not be forthcoming eight or ten months later. Hence some firms prefer to pay the bonus half-yearly or quarterly; one (the British Cyanides Co., Limited) actually pays part of the bonus at weekly intervals, during the year following that when the bonus was earned.

The part which may be played by Co-partnership Committees and other means in keeping alive interest in the scheme during the periods intervening between payments is referred to on the

previous page.

On the whole question of "stimulus" or "incentive" the following remarks of an employer, whose scheme has now come to an end (but not owing to his disappointment with the results), may be of interest:—

Mr. J. Boyd Kinnear, a farmer, whose scheme came to an end in 1905, on his retiring from business, wrote:—

"The small and uncertain amount of dividend available cannot be considered an element having much influence in the mere aspect of self-interest. I made the arrangement rather for my own satisfaction, as a matter of good feeling, and I think it is accepted in the

same light.

"My relations with my servants have always, as a rule, been excellent, and they are not affected by payment or non-payment of a bonus. I cannot say that the bonus system has any effect on their work, though I do not doubt it contributes to friendly feeling. But I did not commence it with any anticipation of being recouped, and I venture to think that any such object would go far to defeat itself."

The remarks of Miss Simcox, quoted on pp. 117-8, are also of interest in this connection.

Effect of the War on Profit-Sharing and Labour Co-Partner-ship.—The effect of the war on the profit-sharing movement has not, on the whole, been nearly so great as might have been expected. In particular, the number of schemes whose abandonment is directly attributed to the war is remarkably small. Many firms, of course, were adversely affected by the war, and their profit-sharing bonuses were correspondingly reduced during the war period. The Prudential Assurance Company is a conspicuous example (see account of scheme on pp. 102-3); but there are many other examples, in businesses less directly affected by the war than a life insurance company. It is noteworthy, however, that in only two instances were the circumstances so adverse as to lead to the liquidation of the business: one of these was a small milling business, whose employees had gradually dwindled to eight; and the other was a business which had already been

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passing through a period of depression before the war. On the other hand, some profit-sharing firms, including some of the largest, were exceptionally busy in consequence of the war.

It is in the group of gas companies that the effect of the war has been most felt. It is singular that the gas industry, which has always been regarded as "a field exceptionally favourable for the application of co-partnership methods," and this, partly owing to the fact that "the absence of bonus, caused by insufficiency of profits, is practically unknown in gas companies," \* should be, perhaps, the industry which has suffered most from the effects of the high prices of raw materials and of the rise in wages consequent on the war. The reason is that, owing to the rise in the cost of coal and other materials, and in wages, they have generally been obliged, like almost all other industrial concerns, to raise their charges; but, whereas other industries may by so doing maintain or even increase their dividends, gas companies' dividends are automatically reduced by every such increase in price. The profit-sharing bonuses, which rise and fall on a sliding scale similar to the sliding scale for dividends, have been correspondingly reduced; in a majority of cases, indeed, the bonus has vanished altogether, or would have vanished if special measures had not been taken.

This difficulty has been met by different means in different undertakings. In the pioneer profit-sharing company, the South Metropolitan, the bonus has disappeared, and no steps have been taken to provide a substitute. It must, however, be remembered that this is an old-established scheme, and that many of the older members have substantial holdings of stock, the dividends on which—though these also, of course, are greatly reduced—they still receive. In the Tottenham District undertaking, where the profit-sharing bonus has also ceased to be payable under the sliding scale, the company are paying two-thirds of the employee's contribution to the Pension Fund, which is a charge on the "withdrawable" half of the bonus so long as any bonus is payable.

In a large number of schemes a fresh scale has been introduced, designed to give the employee co-partner a bonus under existing circumstances; these revised scales are generally more favourable all through, and in particular they provide a minimum bonus, whereas the original scales reduced the bonus to nil when the price of gas rose beyond a certain level. The Gas Light and Coke Company (the largest London company) have

simply adopted the scale applicable to dividends; that is to say, the co-partners receive, as bonus, the same percentage of their wages or salaries as the shareholders receive as dividend on their shares.

In other companies the gap has been filled by temporary expedients, without any alteration of scale. The directors vote

<sup>\*</sup> These quotations are from the Report on Profit-sharing and Labour Co-partnership, issued in 1912.

<sup>†</sup>This applies to the "sliding scale" Companies. Ten of the gas undertakings having Co-partnership schemes are "maximum dividend" companies whose position is explained on p. 55.

a minimum bonus, or a supplementary bonus (to bring the profit-sharing bonus up to a substantial amount), as a gratuity,\* without regard to the sliding scale, which remains unaltered. These minimum or supplementary bonuses have ranged from three-quarters of one per cent. (and that payable only "so long" as the shareholders receive any dividend at all "), to over 8 per cent.

Apart from the gas companies, the most marked effect of the war was in checking the introduction of new schemes: only three were started in 1915, four in 1916, five in 1917, and the same number in 1918. The very large number started during the present year (twenty-nine in ten months) may be due in part to the holding up of schemes during the war.

Several firms refer to the effects of the high Income Tax, and of the Excess Profits Duty, in reducing the amount available for distribution as bonus. Thus one firm, in spite of an increase in gross profits, had a smaller net amount available for distribution, and in fact felt it necessary to pay a special bonus, not on the meagre basis that their profit-sharing scheme would have given. Other firms also improved their scale of bonuses, in order to compensate their employees for the reduction in distributable profits. Another firm, engaged on munition work, found their distributable profits reduced by the munitions levy, which was the counterpart of Excess Profits Duty in munition firms,

Several firms refer to the fact that they had encouraged War Savings Associations in their businesses, and that this had reduced the amount that would otherwise have been deposited in the firm's Savings Bank, or invested in shares in the undertaking. For example, Messrs. E. S. and A. Robinson, Limited, have a savings bank in which their employees had £20,000 deposited at the beginning of the war; but during the war they encouraged their workpeople to invest in War Savings Certificates instead of putting their savings in the firm's Savings Bank.

This unparalleled opportunity for the investment of small sums in a Government loan at a good rate of interest should be taken into consideration in studying columns 9, 10, and 11 of the Table in Appendix A. (investments of employees in existing profit-sharing schemes). One firm, however, truly remarks that the habit of saving thus formed may work to the advantage of the employers' own thrift or investment schemes in the long run.

The Government control of corn mills was sometimes referred to as affecting the working of the scheme; in one case it led to the suspension of a scheme, and in another case it was partly responsible for the abandonment of a scheme.

<sup>\*</sup> In calculating the ratio of bonus to wages (see Appendix C., pp. 185-8), only such amounts as represent the true bonus under the sliding scale are included. Bonuses, or supplementary additions to bonuses, given as a gratuity and not under the rules of the scheme, are omitted.

Other divers effects of the war, direct and indirect, are given as follows:—

A flour-milling firm.—Many newly engaged men and women have looked upon their engagements as temporary, and have not stayed long enough to enjoy the benefits of the scheme.

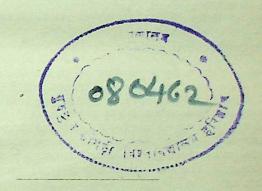
A firm of dyers and cleaners attributes the reduction of profits to the depletion of staff through men joining the Colours, and girls going into munitions. Several other firms refer to the depletion of their staffs owing to men joining H.M. Forces.

A lace-making firm.—Money was late in coming in from foreign branches; in some cases it never came in. This caused a delay in paying the bonus.

An electricity undertaking refers to the increased cost of labour, raw materials, &c., and also to the lighting restrictions, as reducing profits and consequently bonus.

A firm of wine and spirit merchants refers to the smaller amount of labour employed, and to the stoppage of extensions that had been intended, on account of Excess Profits Duty.

A firm of general merchants in North Wales refers to the loss of business owing to the migration of 2,000 workpeople from the neighbourhood to other parts of the country.



#### B.—DETAILED REPORT.

(i)—Analysis of Schemes now in Force.\*

The schemes of Profit-sharing or Labour Co-partnership at present in force have been analysed, with a view to classifying and comparing their principal features; and the results of this analysis are given below, the references to the various schemes being indicated by means of numbers, viz., the serial numbers attached to the several Schemes in Appendix A (pp. 150-165).

The great majority of schemes have been included in the analysis, but it will be understood that it has been impossible to mention every minute variation in all the schemes. Moreover, some schemes have no printed rules, and the Department has only a brief summary of their leading features. Again, information with regard to some of the more recent schemes was received too late to admit of complete analysis.

#### Legal Contract or Gratuity?

The majority of schemes make no reference to the question whether the arrangement for allotting a share of profits to the employees is a voluntary one or a matter of legal right. In some cases employees have a legal right to their share in the profits of the undertaking. On the other hand, several firms expressly state that their profit-sharing schemes confer no legal rights on their employees, or that the bonus is a purely voluntary payment on their part.º

### Determination of Total Bonus.

Profits on which Bonus is calculated; "Reserved Limit."-The profits taken into account for the purpose of calculating the amount of the bonus are usually the net profits of the business for the year preceding the distribution. In six cases, however, the bonus is declared on the half-yearly profits of the undertaking.

In a few private firms, before the divisible profits are arrived at, a certain amount has to be deducted as remuneration for the proprietors or managers of the business, or as interest on the capital which they have invested in the undertaking, this amount forming the first charge on the net profits. Similarly, with a large number of joint stock companies a certain rate of dividend on shareholders' capital must first be paid before the amount of divisible profits is arrived at. The rate of dividend thus payable

<sup>\*</sup> Other than gas undertakings schemes, which are analysed on pp. 47-61.

<sup>a e.g., Nos. 3, 6, and 82a.
b Nos. 10, 22, 24, 34, 46, and 157.
c Nos. 10, 16, 20, 21, 22, 24, 31, 32, 96, 104, 131, 135, 136, 137, and 157
d Nos. 16, 31, 47, 74, 103, and 114.</sup> 

<sup>°</sup> Nos. 26, 91, 134, 142, 144, and 152.

varies from 2½ per cent. (No. 61) to 50 per cent. (No. 53); but in the majority of cases is either 5 per cent. or 6 per cent.

In a number of schemes provision is made for further deductions from the net profits before the participation of the employees begins. In many cases sums are to be set aside for depreciation or for reserve funds.d In the case of No. 6, before any profit is divided a sum is set aside to be added to a Provident Fund for the benefit of widows and orphans of deceased employees. In the rules of scheme No. 135 it is stated that a sum may be similarly appropriated to provide pensions for old employees of the firm.

It will be seen that the above deductions, forming the first charge on the net profits, are in the nature of a "reserved limit," i.e., a limit which the net profits must exceed before the participation of employees can begin. In the case of firm No. 20, this limit is stated to have been based, not on the actual profits of the years immediately preceding the introduction of the scheme, but on an amount below the average of these profits. With firm No. 157 the "reserved limit" is the average annual net profits during the five years immediately preceding the war.

Employees' Share in Divisible Profits.—The principle upon which the aggregate amount of bonus payable is calculated is usually made known to the employees, in some schemese this information is not disclosed, or is only disclosed to a few of the participants of higher rank, the employees generally being merely informed of the amount which has become due to them from the profits. A number of firms, f however, provide that the results of the calculation determining the amount of the bonus are to be certified by an accountant or auditor, whose certificate may be seen by employees if they so desire.

The basis of a large proportion of profit-sharing schemes is the allocation of a fixed proportion of the divisible profits to the employees, the amount distributed rising or falling automatically with the profits. In two schemes (Nos. 44 and 46), however, the proportion of profits which is set aside to form the bonus is not always the same, but is determined by a fixed scale of percentages varying with the amount of the profits. In a few

139, 143, 156 (Pref. Shares), and 167; in the case of Nos. 52, 82a, 120, and 135 the rate is cumulative.

Other percentages are as follows: No. 92, 8 per cent.; Nos. 41, 137, 138 (Ord. Shares), 156 (Ord. Shares), 10 per cent. No. 154 provides for the payment of 5½ per cent. on land-owning capital and 6 per cent. on farming and trading capital; and losses sustained in any year must be carried over against

profits in succeeding years.

° Nos. 20, 28, 33, 82a, 84, 86, 104, 106, 134, 135, 142, 143, 146, and 167.

d Nos. 5, 6, 8, 20, 36, 42, 52, 82a, 84, 106, 134, 135, 143, 144, 146, 156, and

Nos. 1, 16, 17, 23, 26, 30, 31, 32, 34, 43, 44, 136. 1 Nos. 12, 16, 23, 30, 39, 42, 44, 134, 135, 136, 144, 155, and 157

instances, a although the participation of employees does not begin until the profits exceed a certain reserved limit, the bonus itself is not a proportion of the remaining profits beyond this. limit, but is based on the total net profits.

In a number of schemes the surplus profits beyond the reserved limit are divided pro rata between capital and wages. i.e., the bonus is a percentage on wages equal to the percentage dividend paid on capital over the "reserved limit." In two cases (Nos. 27 and 35) the whole of the net profits are thus divided. The rules of No. 139 provide that, after payment of the reserved dividend (6 per cent.), a bonus of 21 per cent. on wages is paid for every further 1 per cent. dividend declared; thus, when a dividend of 10 per cent. is paid the bonus is also at the rate of 10 per cent. Any further profits over 10 per cent. are to be shared pro rata between capital and wages. The bonus in the case of Nos. 116 and 118 is a percentage on wages at a rate which is a fixed proportion of the dividend on capital: in the case of No. 116 this proportion is one-half, but no bonus is payable unless the dividend on capital. reaches 5 per cent. In three schemes the amount of bonus is a percentage of the amount available for payment of dividends on capital; and in the case of No. 133 an amount equal to the sum distributed in dividends on the "A" ordinary shares is set aside as bonus. A fixed amount is set aside as bonus for every one per cent. paid as dividend in the scheme of No. 25; while in the case of Nos. 45 and 51 the bonus takes the form of so many weeks' wages, the number of weeks depending upon the rate of dividend paid. One scheme which has been recently introduced (No. 158) provides first of all for the payment of a bonus at the fixed rate of 5 per cent. on the salaries of the employees; in addition, whenever the Company pays a cash dividend at the rate of 10 per cent. or more upon its paid up ordinary. capital, a further bonus is paid on salaries at the rate by which the dividend paid on such capital exceeds 5 per cent., with a maximum of 45 per cent.

Coming to the usual type of scheme where the bonus is a fixed proportion of profits, there are a few cases in which no mention is made of any part of the total net profits being retained as a reserved limit. The whole of such profits, with unimportant exceptions, are appropriated as bonus in the case of No. 28. In other cases 25 per cent. (Nos. 86 and 145), 20 per cent. (No. 155), and 10 per cent. (No. 130) of the total net profits are thus distributable as bonus.

Where the participation of employees is dependent upon the profits exceeding a certain reserved amount, the percentage of the surplus profits which is set aside for the payment of bonus

<sup>&</sup>lt;sup>a</sup> Nos. 43, 44, and 48.

<sup>Nos. 43, 44, and 46.
Nos. 33, 49a, 50, 60, 61, 84, 101, 104, 122, 144, and 146.
Nos. 14, 32, and 96. In the case of No. 92, the bonus consists of 15 percent. of the amount (if any) distributed as dividend on the ordinary shares in</sup> excess of 8 per cent., plus three-quarters of 1 per cent. on the amount standing to the credit of the general reserve account.

varies from 2 per cent. to 50 per cent., b about one-half of the schemes which fix the bonus in this way allotting the latter percentage. (For the other percentages, see note.)

#### Conditions attached to Profit-sharing.

The rules of a very large number of the schemes dealt with in this Report provide that, before employees may participate in the benefits conferred by the scheme, they must possess certain qualifications or fulfil certain conditions. The most common qualification is that which confines participation to employees who have been in the service of the firm for a certain minimum period. The length of service required varies from four weeksd to five years, but is usually either six months or twelve months. (For other periods, see footnote f.) In two cases (Nos. 32 and 155) employees must have served for twelve months to obtain the full bonus, but provision is made for them to obtain some proportion of the bonus if they have worked for a shorter period. In No. 167 employees must have served five years to get a full share, but receive a half share after three years. Employees below a certain age are excluded from participation in a few instances.g

Among the various classes of employees who are occasionally excluded from participation are those working wholly or partly on commission, h or those earning more than a certain wage or salary.i Factory workers, employees working on a premium bonus system, and pieceworkers, are excluded in Nos. 46, 86, and 100, respectively. In one instance (No. 14) employees who belong to a Trade Union are excluded from participation; but in some schemes membership of a Trade Union is expressly stated to

No. 154.

· Nos. 82a, 97, 120 and 121. Other periods are :-

Three months: Nos. 45 and 74. Nine months: No. 42.

Eighteen months: Nos. 12 and 23.

Two years: Nos. 22, 24, 89, 103, 105, 132 and 138.

Three years: Nos. 43, 88 and 99; also in the case of No. 49a, except for those entering the firm's service before reaching the age of twenty-one. when a qualifying period of four years is required.

Four years: No. 80; also in the case of No. 49a for those entering the firm's service before reaching the age of twenty-one.

Four-and-a-quarter years: No. 28.

The qualifying age is eighteen in Nos. 23 and 138; twenty-one in Nos. 12, 119, 155 and 162; twenty-two in No. 80, and twenty-five in No. 120. Under scheme No. 22, employees under twenty-one receive a half-share in the bonus, provided they have been total abstainers and non-smokers during the whole of

the preceding year.

h Nos. 20, 100, 104, 116, 123, 138 and 146. In the case of No. 89 the scheme applies only to weekly wage earners at the works, and does not include branch manageresses. Persons whose remuneration is wholly or partly dependent on the firm's profits, or on the profits of any department of the

business, are excluded under scheme No. 49a.

Nos. 81, 105, 105a, 116 and 146.

a No. 141.

Nos. 5, 20, 26, 36, 82a, 97, 120, 135, 142, 143, 152, and 167.
 33\frac{1}{3} per cent. for Nos. 134, 154 and 156; 25 per cent. for Nos. 21, 102, 137, and 138; 20 per cent. for Nos. 12, 52, 83, and 157; 16\frac{2}{3} per cent. (of profits of part of the business) for No. 53; and 5 per cent. for Nos. 8 and 91.

be no bar to participation, and in one scheme (No. 106) membership of a Trade Union is a compulsory condition of participating. In a few cases employees who are to participate must be selected or recommended by the managers or foremen. Two firms (Nos. 124 and 158) require their employees to be members of a provident fund as a condition of being admitted to participation; and in one instance (No. 49a) employees must own a life insurance policy of a stated amount. Employees who do not possess certain professional qualifications are excluded from the scheme of No. 28.

Where employees are otherwise qualified to participate in profits, it is often provided that they may lose this right if found guilty of unsatisfactory conduct, b waste or negligence. bad timekeeping, or absence without good reason, d lack of interest in their work, etc. In some instances employees are required to sign an agreement on becoming participants under the scheme; in No. 135, for example, the employee must sign an undertaking "to be regular and punctual in attendance, to be constant and industrious at work, to be economical in the use of materials, and generally to avoid all broken time and slackness, or waste of time, material, or money belonging to the Company."

Agreements not to waste time or material must be signed in schemes Nos. 49a and 80; and in the former of these schemes employees also promise not to divulge the firm's secrets or affairs.

#### Division of Total Bonus among Employees.

In dividing the total amount of the bonus among those entitled to participate, by far the most common method (except in shareholding schemes, or in "savings" or "deposit" schemes, for which see pp. 41-3 and 44-6) is to divide the sum among proportion to their earnings during the period to which the distribution relates. In calculating the amount of earnings for this purpose, overtime is excluded in some schemes.f No account is taken of earnings on piece-work in scheme No. 27. In scheme No. 155, in cases where wages are customarily paid on piece rates, the amount of bonus is calculated on the time-rate basis ruling in the trade.

In some cases it is stated that, when calculating the earnings, allowance will be made in respect of time lost through sicknessg; though a limit is sometimes placed on the amount of lost time which will be allowed for in this manner. With regard to time

<sup>Nos. 34, 45 and 82.
Nos. 9, 28, 32, 45, 105 and 116.
Nos. 32, 45, 46, 91, 105 and 116.</sup> 

<sup>&</sup>lt;sup>d</sup> Nos. 12, 45, 46, 155 and 167.

e No. 45.

<sup>&</sup>lt;sup>f</sup> Nos. 22, 27, 49a, 106, 116 and 155. g Nos. 51, 155 and 167.

b Up to one month in the case of No. 116. With No. 89 when the average time lost through sickness during the previous three years amounts to four weeks per annum, each case will be considered by the Profit-Sharing Committee, who may withhold participation either completely or in part. Scheme No. 143 provides that absence through sickness shall be allowed for at the discretion of the Directors.

lost otherwise than through sickness, scheme No. 51 provides that deductions will be made from an employee's bonus in respect of such lost time; but this firm has an additional provision allowing for overtime which has been worked to cancel such lost time, one hour of overtime equalling two hours of lost time for this purpose. In the case of No. 135 deductions from the bonus are made for time lost, waste, indolence and insubordination; while with No. 50 it is provided that a reduced bonus may be paid to irregular employees, or to those who do bad work causing loss to the firm. An interesting feature in scheme No. 155 is the fact that time lost by reason of a lock-out or general or district strike is not counted as time wilfully lost, and does not debar an employee from participation in the profits; but in the case of time lost by reason of a strike on a scale smaller than that of a district strike, such time is counted as time wilfully lost.

In many instances the total bonus is not distributed among the participants strictly in proportion to their earnings. In two cases (Nos. 89 and 97) the division is regulated by a scale of wage limits. In some cases the distribution is based on wages, but a reduced bonus is paid to employees with less than a certain length of service, or to those under a certain age. In other cases, a double share is paid to those with more than a certain amount of service.º

In the case of firm No. 28 the basis of distribution is length of service only; and in scheme No. 141 half of the bonus is so distributed. In other instancesd an employee's share is partly regulated by his earnings and partly by length of service; while in three caseso provision is made for head men or heads of departments to receive an increased proportion. Wages, length of service, and position, are all taken into consideration in scheme

In some instances! the bonus is distributed among those entitled to participate in equal shares. In scheme No. 138 a man receives one-and-a-half times as much, and an overlooker twice as much, as a woman.

In many schemes the division of the total bonus among the employees is not regulated by fixed rules, but is made either partly or wholly at the discretion of the employers. In distributing the bonus in such cases, various factors are taken into

Twelve months for No. 32; five years in the case of No. 167.

b Employees under eighteen years of age receive one-quarter of the full share in the case of No. 136. In scheme No. 22 employees under twenty-one receive a half-share. (See further under "Conditions attached to Profit-sharing"

No. 17 (seven years' service). In the case of No. 33 a double share is given to employees who are not less than twenty-one years of age, who have been at least five years in the service of the firm, and who have become owners of shares in the business equal in amount to half their annual wages or salary.

Nos. 25, 100, 105, 135, 146 and 167.
 Double shares in Nos. 22 and 89; in the case of No. 26 heads of departments receive one-third more than the normal proportion.

<sup>&</sup>lt;sup>1</sup> Nos. 3, 47 and 136.

account, such as merit or value of services rendered, a length of service, b success, position, d regular attendance, etc. In two cases (Nos. 12 and 14), for the purpose of allotting the bonus, the firm divides the employees into classes according to their work, good timekeeping being also a factor which is taken into account in the case of No. 14. In one instance (No. 92) the employees are divided into classes according to position and wages or salaries. With scheme No. 102 three-quarters of the total bonus goes to the managers, assistants, clerks, apprentices and lads, and one-quarter to the workmen; the sum in each case being distributed according to wages.

case being distributed according to wages.

In the case of "savings" or "deposit" schemes (i.e., schemes where the bonus takes the form of interest on the employee's deposits held by the firm, such interest varying with the profits) the amount of bonus is determined, not by the employee's earnings or length of service, but by the amount of his deposits. The amount of bonus payable in such cases is often limited in various ways: see section headed "Profit-sharing Deposits," on pp.

44-6 below.

#### Payment of Bonus.

In almost every scheme the bonus is paid yearly, being determined by the annual profits of the business. There are a few schemes, however, in which the arrangement is to declare and pay (or credit) the bonus every half year, or even quarterly or monthly. The rules of one firm (No. 139) provide that part of the bonus shall be distributed in weekly payments, during the year following that in respect of which the bonus is paid. The scheme of firm No. 157 works in cycles of three years, the bonus being declared annually but remaining in the hands of the firm at 6 per cent. until the end of the three-yearly period, unless the employee prefers to take his bonus annually. In two instances (Nos. 26 and 152) a reservation is made that, instead of distributing the whole of the bonus, part may sometimes be carried forward as a reserve for the purpose of averaging good and bad years; and in one case (No. 105), if the bonus fund amounts to less than £500, the whole of it is thus carried forward.

There are a large number of cases in which part or the whole of the bonus is not paid out in cash but remains in the hands of the firm for various purposes. In some instances this part of the bonus is placed to the employee's account, from which he is allowed to withdraw sums at any time on short notice.

<sup>&</sup>lt;sup>a</sup> Nos. 24, 34, 40, 80, 82a, 139 and 141; in the case of No. 141 this applies to half of the bonus only; while with scheme No. 40 the bonus to the labourers is distributed in proportion to their wages, without any individual discrimination.

<sup>b</sup> Nos. 24 and 34.

<sup>&</sup>lt;sup>c</sup> No. 53; with No. 24, which applies to sale agents, the percentage of sales to expenses is also taken into account at the branch offices.

No. 34.
 No. 139.

f Nos. 10, 16, 31, 47, 74, 103, 108, 114 and 122.

<sup>&</sup>lt;sup>g</sup> No. 136. <sup>h</sup> No. 14.

In other cases it is placed to his credit as a provident or superannuation fund, and in such cases is not ordinarily with-A third method is to retain the bonus partly drawable. or wholly for investment (on behalf of the employee) in the capital of the undertaking. The form in which the bonus is paid in all the existing schemes dealt with in this Report is shown in Appendices A, A (i), and A (ii); see pp. 149-166.

#### Bonus Reserved as a Provident Fund.

In six cases the whole of the employees' bonus is credited to a provident, pension, or other benefit fund. In a larger number of schemes, however, the bonus is only partly devoted to this object, the proportion so treated being usually one-half.b It is provided in the rules of several schemes' that the share of the total bonus which is due in respect of those employees who have not fulfilled the necessary conditions to enable them to participate shall be paid into a common fund for the benefit of the employees generally.

Purposes to which Provident Funds are Applied.

Schemes under which the bonus is partly or wholly credited to a provident fund may be divided into two classes, viz.: (i) those in which a common fund exists for the benefit of the participants collectively, and (ii) those in which each employee's share is credited to his individual account. Common provident funds are utilised for such purposes as superannuation, d sick allowance, grants on disablement, or at death, etc. In one case (No. 20) female employees when leaving to get married receive a grant from this fund. In other cases the fund is utilised for a variety of charitable purposes.

Under the majority of schemes in which the bonus is partly or wholly retained for provident purposes, each employee's share is credited to his individual account. In some schemes of this nature it is provided that the amount thus accumulated shall be paid out to the employee when he attains a certain age, h or after a certain period of service with the firm. In one instance (No. 138) the rules specially provide that an employee may obtain

g Nos. 8, 20 and 33.

<sup>&</sup>lt;sup>a</sup> Nos. 8, 21, 28, 82a, 148 and 158. b Nos. 10, 16, 30, 31, 46, 100, 116 and 134. In the scheme of firm No. 30 the whole of the bonus may be paid into the provident fund, at the employee's request. One third of the bonus is credited to a provident fund in the case of Nos. 22, 145 and 167.

<sup>Nos. 16, 20, 33, 60, 106, 144 and 146.
Nos. 8, 20, 33 and 167.
Nos. 8, 20, 33 and 60.</sup> 

<sup>1</sup> No. 8.

h 60 years in Nos. 31 and 138; 70 years in No. 16. Scheme No. 10 provides that the amount shall be paid to an employee at the age when the Directors consider that he should retire.

<sup>&</sup>lt;sup>1</sup> 25 years' service in No. 16; in the case of No. 30 the accumulated bonus is payable either (i) when the employee attains the age of 60 (55 in the case of a woman), or (ii) after 25 years' service, provided he (or she) has reached the age of 50 (45 in the case of a woman). In No. 145 (a new scheme) the "retained" part is to be allowed to accumulate for 25 years, at interest.

possession of the amount standing to his credit on permanent total disablement. Under five schemes arrangements are made for the employee to receive his accumulated bonus in the form of a pension instead of in a lump sum. In all cases provision is made that in the event of death the amount standing to an employee's credit shall be paid to his legal representatives.

Although an employee may normally obtain possession of his deferred bonuses on leaving, various provisions are sometimes made, no doubt with the object of preventing employees from leaving simply for the purpose of obtaining possession of their money. In one instance (No. 158) an employee who leaves or is discharged, except through ill-health or (if a female) to get married, may receive the whole of his or her accumulated bonus only if he or she has completed twenty years' continuous service with the Company; otherwise only a portion of the sum to his or credit may be claimed.

In the case of scheme No. 82a employees who leave the firm receive only one-half of their accumulated bonus; while under the rules of No. 22 half the amount of the employee's interest in the pension fund is forfeited if he leaves with the firm's consent, and the whole if he leaves without such consent, or is discharged. In other cases the firm reserves the right, should an employee leave, to defer payment of the amount due to him until after a certain period.<sup>b</sup> In three cases (Nos. 82a, 134 and 158) it is definitely stated that female employees leaving to get married may obtain possession of their accumulated bonuses.

The majority of schemes under which part of the bonus is retained as a provident fund make no provision for the employee to withdraw sums from the amount standing to his credit while he remains in the service of the firm. In two instances (Nos. 21 and 134) it is stated that such withdrawals may be made only in special approved circumstances, the latter scheme mentioning sickness as a circumstance under which withdrawals would be permitted. The rules of No. 46 provide that after three years an amount up to one-half of an employee's accumulated bonus may be withdrawn on giving one month's notice, but that no subsequent withdrawals may be made until another three years have elapsed.

## Investment of Provident Funds.

Both in the case of common provident funds and of funds standing in the names of individual employees, the amounts are almost invariably left in the hands of the firm. Usually the sums thus held by the firm are treated as deposits, interest being

<sup>&</sup>lt;sup>a</sup> Nos. 10, 22, 28, 82a and 167; in the first-named scheme the employee may receive his amount either in a lump sum or as a pension: see also footnote hon p. 39.

on p. 39.

b Three months in Nos. 16 and 46 (in No. 16 payment will not be made until a fortnight after the next half-yearly stocktaking); twelve months in No. 138; in scheme No. 31 payment may be deferred for 12 months if the employee leaves of his own desire; and in scheme No. 134 the firm retains the right to defer payment for six months, but this provision is stated to be merely a safeguard and is seldom enforced.

credited at rates which vary from 3 per cent. to 6½ per cent. In one case (No. 82a) the fund is invested partly in shares of the undertaking and partly in War Loan; in the case of No. 22 the firm reserves the right to invest the fund as may be deemed expedient, and firm No. 16 similarly reserves the right to deposit the whole or part of the sum standing to the credit of any profit-sharer in a savings bank. In the case of No. 36 the money is held in trust by the Employees' Society (see pp. 72-5); while in No. 28 it is utilised for the purchase of pensions in the Royal National Pension Fund for Nurses.

#### Bonus Retained for Investment in Capital.

As already stated, a number of schemes provide that the whole or part of the bonus shall be retained for investment, on behalf of the employee, in the capital of the undertaking. In a few cases the whole of the bonus is thus retained; while in one case (No. 106) the bonus is retained until an employee has acquired a holding of £50, after which he is at liberty to receive any further bonuses in cash. Employees in scheme No. 121 have the option of either taking their bonus in cash or leaving it with the firm for investment in its capital. In scheme No. 36 employees who are members of the "Employees' Society" have their individual bonuses invested in the shares of the business, while the bonus due to non-members of the Society is credited collectively to a non-members' Provident Fund. In addition, part of the profits are devoted to educational, social, provident, propagandist, and other purposes for the benefit of the members of the society, or their wives, widows or dependants. further particulars of this scheme, see pp. 72-5).

#### Shares Issued to Employees on Special Terms.

It has been pointed out (p. 8) that the fact that employees hold shares in the undertaking with which they are connected does not, in itself, constitute Profit-sharing, but that the element of Profit-sharing comes in only when such shares have been acquired by the employee on specially favourable terms. This form of Profit-sharing, either alone or in conjunction with the simpler type of scheme, has been adopted by many firms.

In some instances shares are issued to employees without payment of any kind. Scheme No. 121, for example, provides for the gratuitous issue of a number of shares to each employee after he has completed five years' service; while in the case of No. 132 shares are issued free to all employees with two years' service, with a further issue from time to time to various employees (chiefly foremen) according to merit. Under scheme No. 150 shares are given to all employees with twelve months' service or over, in proportion to their salaries. In No. 88 shares are distributed to certain selected employees; fifteen £10 shares are issued in each year to which a dividend of 6 per cent. or more is paid on the ordinary share capital.

a 3 per cent. in No. 10; 4 per cent. in Nos. 21, 30 and 46; 5 per cent. in Nos. 31, 134 and 146; 64 per cent. in No. 16.
Nos. 138, 144, 146, and 169. In the schemes of firms Nos. 33, 80 and 160, the bonus itself is given in the form of shares.

A certain number of schemes provide for the issue of shares to employees upon payment, but at a price below the actual market value of the shares. In the majority of such schemes. arrangements are made for the employee to pay for his shares by instalments. (Schemes, however, in which the only advantage accorded to employees is the permission to purchase shares by instalments, the full price being payable, and no supplementary interest being allowed, are not regarded as examples of Profit-sharing for the purposes of this Report.)

In one case (No. 119) an employee is entitled to receive one gratuitous preference share (called a "service" share) for each year of satisfactory service, provided he has bought one preference share for each "service" share applied for; that is to say, in effect he gets two shares for the price of one.

In the case of Nos. 39 and 99 employees are allowed to apply for more shares than they can actually pay for at the time: the full dividend is paid on all the shares allotted, from the dateof allotment, and, subject to the deduction of interest on the amount not paid up, is applied either partly or wholly in paying the balance of the purchase price.

Where shares are specially issued to employees, provision is sometimes made for paying an extra rate of dividend, in addition to the ordinary dividend, on such shares. An example of such an arrangement is found in scheme No. 99, under which, whenever a dividend of 5 per cent. or more is paid on the ordinary shares, the employee receives, in addition to the ordinary dividend, a bonus dividend at half the rate, making his total rate of dividend one-and-a-half times the rate paid on the ordinary shares. In three instances employees shares carry a cumulative preference dividend, and in addition are entitled to a further dividend dependent on profits, the extra dividend in one of these cases (No. 162) being paid at such a rate as will make the total rate of dividend on employees' shares equal to the rate paid on the ordinary shares. In this scheme also, if there is any distribution of bonus shares, the employees share equally with the ordinary shareholders. With No. 166 employees receive, in addition to their preference dividend, a bonus dividend of 3 per cent. per annum on the amount paid up on their shares.

In connection with the issue of shares to employees, mention may be made of a few schemes under which employees receive dividends without holding shares. In the case of Nos. 75 and 127 employees are nominated to receive the dividends on a certain number of shares, but the shares remain the property of the firm and the employees themselves cannot hold them. In three instances employees hold certificates which carry dividends, but are not marketable in the same way as shares held by the outside public.

<sup>&</sup>lt;sup>a</sup> Nos. 6, 13, 82, 162, and 166. <sup>b</sup> Nos. 82, 162, and 163.

e Nos. 80, 92, and 160.

In almost every case where shares are issued to employees, either free or on special terms, there is a maximum limit to the total aggregate number of shares thus set aside. In a few instances a limit is also placed upon the total amount which may be held by each individual employee. Scheme No. 13, for example, limits each employee's holding to five £10 shares; while in Nos. 124 and 162 the maximum limits (nominal value) are £100 and £1,000 respectively. In one instance (No. 166) not more than one hundred pounds' worth of shares may be held, but provision is made for the wife of an employee to hold a similar amount in her own name. In the case of No. 99 the special rate of dividend on employees' shares is payable only on shares up to a total value equal to the employee's salary for the previous five years.

Provisions against Transfer of Employees' Shares.

Wherever the issue of shares to employees forms the basis of Profit-sharing, it is almost invariably the intention of the firm that such shares shall be held by employees only. Three firmsa embody this in the rules of their schemes. In some cases the transfer of such shares is either absolutely forbiddenb or is only permitted if the shares are passing into the possession of another employee or of a person nominated by the Company or its Directors.d Employees wishing to sell their shares under scheme No. 89a must first offer them to the Trustees at their nominal value plus accrued interest. In schemes Nos. 33 and 146 employees who have acquired shares to the value of one year's wages or salary may be permitted to sell or transfer any shares they may own in excess of this holding.

In order to deter employees from selling their shares, one firm (No. 49a) states that in the event of employees attempting to charge or alienate their shares, the latter will be forfeited. another case (No. 162) shares which have been transferred lose their right to the extra dividends payable on employees' shares; while in the case of No. 82 the dividends wholly cease in respect of shares held by any unauthorised person. As a means of preventing any transfer of employees' shares, arrangements are made in a few cases for share certificates to be held in trust, instead of being issued to the individual employees. As a further provision against employees' shares passing into the possession of the outside public, many firms arrange to re-purchase such shares, or to control their transfer, should the owner dief or leave the firm's employ. But in order to discourage

Nos. 33, 106, and 163.
 Nos. 81 and 106; in the case of No. 88 shares may not be sold while the holder is in the firm's employ.

Nos. 9, 13, 39, 121, and 132; in the case of No. 121 the consent of the Trustees of the scheme is required.

d No. 163; the approval of the Directors is required before any transfer can take place.

<sup>&</sup>lt;sup>o</sup> Nos. 45, 49a, 81, and 124.

f Nos. 39, 48, 49a, 82, 106, 146, 163, and 166. No. 13, however, provides that the shares of an employee who dies may be held by his widow or heirs.

S Nos. 25, 33, 39, 48, 49a, 82, 106, 119, 146, 163, and 166; in the case of No. 13 an employee who is over 50 years of age when he leaves is allowed to retain his shares, and such shares are not re-purchased by the Company until his death or, should he leave a widow, until the death of his widow.

employees from leaving the firm's employ in order to realise their shares, one firm (No. 33) states that it will not undertake to transfer such shares until three months after the holder has left; while firm No. 146 reserves the right to postpone the transfer for six months.

In scheme No. 49a, the shares of a deceased employee are transferred at their "fair" value, which, as defined in the Trust Deed, is normally the average market value. shareholding schemes, however, the shares of a deceased employee are transferred at their nominal or par value.

#### Voting Rights of Employees.

Shares acquired by employees on specially favourable terms do not, in several instances, a confer any voting rights upon their owners. Under the provisions of scheme No. 121, although the shares carry votes, such votes may only be given through the Trustees of the scheme, until the employee's holding amounts to £200, when he may apply to become a direct shareholder. Votes can only be exercised through the Profit-sharing Committee in No. 81, and through a Committee appointed by the Directors in No. 138; in scheme No. 36 such votes are exercised by proxy through a representative of the Employees' Society. It should be observed that some firms do not state whether the shares which are held by their employees carry votes or not.

### Proportion of Capital held by Employees.

It would appear that in very few instances do employees own a large proportion of the capital of the undertaking for which they work. In two cases (Nos. 6 and 33) over half of the total capital is held by employees; and in one case (No. 36) one-fifth of the capital is owned by the workpeople. Of the remaining cases where information has been given on this point, the proportion is over 6 per cent. in five cases, between 4 and 6 per cent. in four cases, between 2 and 4 per cent. in five cases, d and less than 2 per cent. in six cases.º

### Profit-sharing Deposits.

A type of scheme which has been adopted in a number of cases consists in paying to employees who deposit money with the firm, first of all a fixed minimum rate of interest on such deposits, and secondly a further rate of interest varying with the profits of the undertaking. The fixed rate of interest varies from  $2\frac{1}{2}$  per cent. (No. 108) to  $7\frac{1}{2}$  per cent. (No. 114), but is usually either 4 or 5 per cent. In four cases the total return

<sup>&</sup>lt;sup>a</sup> Nos. 33, 39, 82, 89, 132, and 146. In the case of No. 82, however, employeeshareholders may attend and vote at meetings at which the rights of the holders of employee-shares are in question.

of employee-shares are in question.

b Nos. 5, 9a, 48, 52, and 121.

c Nos. 13, 99, 108, and 119.

d Nos. 25, 42, 53, 80, and 106.

Nos. 12, 27, 88, 101, 138, and 150.

f No. 18, 3 per cent.; No. 107, 3½ per cent.; Nos. 7, 49, 54, 74, and 109, 4 per cent.; Nos. 2 and 42, 4½ per cent.; Nos. 81, 105a, 112, and 165, 5 per cent.

Nos. 18, 107, 109, and 114: subject to the fixed minimum and maximum rates in the case of Nos. 18, 107, and 114.

on the employees' deposits is at the same rate as the dividend on shareholders' capital. In other cases the total return on deposits is at three-quarters or half the rate of dividend on capital, or is determined by a scale according to the rate of dividend declared. The rules of No. 2 provide that the total rate of interest on sums deposited by employees will be not less than the rate of dividend on capital, subject to a maximum of 10 per cent.

In three instances,<sup>d</sup> after the fixed minimum rate of interest has been credited, an additional amount of interest is credited at a rate equal to half the rate by which the dividend on capital exceeds the fixed minimum rate of interest on deposits. In scheme No. 42, a certain proportion of the net profits is distributed as bonus, and employees are encouraged to save this by the provision of facilities for depositing it with the firm. Sums so deposited are increased by 25 per cent., and the whole credited to an "investment account"; interest is then credited at the rate of 4½ per cent., plus a further rate of interest according as the rate of dividend on the deferred share capital exceeds a certain fixed rate. In scheme No. 105a also, the rate of additional interest is the amount by which the dividend actually paid in each year exceeds a fixed percentage on shareholders' capital: in this case the "reserved" rate is the average rate of dividend during the four years ended June, 1905.

An unusual scheme is No. 165, where the rate of additional interest is determined (subject to certain maximum limits depending on the dividend paid) by the length of the employee's service.

In addition to a minimum interest payable on deposits, the rules of a number of schemes lay down a maximum rate for the total return on employee's deposits. In eight cases the total rate of interest must not exceed 10 per cent., and in one case (No. 114) 20 per cent.; while 7 per cent. is fixed as the maximum in the case of No. 49.

Various limits are placed by different firms upon the amount of money which employees may deposit under their schemes. Where a definite sum is mentioned as the maximum amount which will be received from any one employee this sum varies from £50 to £500. In one instance (No. 108) an employee's

a No. 108 (subject to fixed minimum and maximum rates).

No. 74.
 No. 54 (three-quarters of 1 per cent. additional interest paid for each 1 per cent. of dividend, free of income tax, over 5 per cent.).

<sup>&</sup>lt;sup>d</sup> Nos. 7, 49, and 112. <sup>e</sup> Nos. 2, 7, 18, 42, 105a, 107, 108, and 165; in the latter case the total rate of interest must also not exceed the rate of dividend on ordinary shares.

f £50 in the case of No. 42; £100 in the case of Nos. 49 and 109; £200 in the case of Nos. 54 and 105a. In No. 2 there is a limit of £400 for workpeople, but this limit does not apply to foremen.

In Nos. 7 and 112 there are limits of £200 for employees paid weekly, and of

<sup>£400</sup> for those paid quarterly.

In No. 107 not more than £100 may be deposited, except by special permission.

In No. 114 the limit is £500 for those paid weekly or fortnightly; those paid monthly may deposit not more than five times their annual salary.

total deposit may not normally exceed one year's salary or wages for every five years' service in the firm's employment; but employees may make special application to the Directors for permission to deposit lump sums. In addition to limiting an individual employee's deposits, a few firms state that the total aggregate amount deposited under their schemes may not exceed a certain maximum amount; or they take powers to limit the aggregate amount, if necessary.

With regard to the withdrawal of deposits, provision is almost invariably made for employees to withdraw sums from their accounts on short notice. One month's notice is required for any withdrawal under Nos. 18 and 114, while the scheme of No. 108 is exceptional in the fact that no amount may be withdrawn under six months' notice. In these cases, however, the requirement may be waived in special circumstances or by special permission. In order to discourage employees from withdrawing sums from their deposit accounts, scheme No. 105a reserves the right to close the account of any depositor who makes withdrawals too frequently.

#### Employee Directors; Joint Committees.

Among the schemes, other than those of Gas Companies, dealt with in this Report, there are four cases in which employees are included on the Board of Directors. In one instance (No. 6) half of the directors are employees of the Company. In the three remaining schemes the number of employee-directors is two (out of five) in No. 36, and one in the case of Nos. 48 and 52.

Joint Committees, consisting of representatives of employers and workpeople, exist in connection with a considerable number of schemes. In some cases the functions of these Committees are consultative. They may either deal with questions relating to the general welfare of the workpeople, or they may be entrusted with the administration of the scheme itself, or of funds which exist in connection therewith.º The Committee, under scheme No. 136, deals with differences which may arise in connection with the working of the scheme.

In the case of No. 118 Committees (of employees only) are to decide in doubtful cases whether an employee is to participate under the scheme or not. In three other cases workmen's committees (not joint committees) exist to voice grievances, complaints, or other matters which the employees may wish to bring forward.

<sup>Nos. 16, 22, 30, 86, and 144.
Nos. 33, 86, 105, 139, and 144.
Nos. 31, 80, 81, 89, 139, 160, and 167.
Nos. 14, 27, and 165.</sup> 

(ii) DETAILED ACCOUNT OF CERTAIN EXISTING SCHEMES.

### (a) Profit-sharing and Co-partnership in Gas Undertakings.

The gas industry affords the only instance in this country of an industry which has been very largely re-organised on a profit-sharing and co-partnership basis, so far as private undertakings are concerned.\* The wide extension of Profit-sharing in gasworks has been due in part to the very special conditions under which the industry is carried on, including (i) local monopoly; (ii) a great and assured demand; (iii) the strict regulation of the dividends payable under the sliding scale system under which most of the larger undertakings are working; and, possibly, in some measure, to the further fact (iv) that persons employed in gasworks who break a contract of service can, under certain circumstances, be punished by fine or imprisonment under the Conspiracy and Protection of Property Act, 1875, (38 and 39 Vict., c. 86, sec. 4). Unquestionably, however, the wide extension of Profit-sharing and Co-partnership in gas undertakings has been due, in large measure, not only to favouring conditions but also to the strong advocacy of the system by Sir George Livesey, the former chairman of the South Metropolitan Gas Company, which was the pioneer of Profit-sharing in gas undertakings. It is proper, therefore, to give a full account of the circumstances under which this scheme was introduced, and of its subsequent developments; more particularly as all the subsequent schemes of Profit-sharing and Copartnership which have been adopted in gas undertakings (with two exceptions†) follow very closely the lines of the South Metropolitan scheme.

### South Metropolitan Gas Company.

At the beginning of November, 1889, the South Metropolitan Gas Company, which had already been giving its officers and foremen an annual bonus dependent upon its profits since 1886, adopted a scheme of general participation.

In March, 1889, "The National Union of Gas Workers and "General Labourers of Great Britain and Ireland" was formed, and shortly afterwards succeeded in obtaining very considerable concessions in favour of men employed in gasworks. In the course of the autumn the Gas Workers' Union made certain demands upon the South Metropolitan Gas Company; these were not resisted, but the company's officials became convinced that further concessions which the company would feel unable to grant would probably be put forward by the Union,

† The Southend and the Watford Gas Companies also have profit-sharing

schemes, but these are not based on the sliding-scale principle.

<sup>\*</sup> A few schemes, on profit-sharing lines, are known to have been adopted in municipal undertakings, both for gas and for other services. Municipal schemes are not, however, included in this Report.

and that "a strike was likely to take place at any moment with-"out any warning." In order to avert this contingency, Mr. (afterwards Sir) George Livesey, the chairman of the company, induced the directors to assent to the adoption of a special system of Profit-sharing; and an offer on the following lines was accordingly made (on November 6, 1889) to all the regular staff.

The shareholders (as the law then stood) were allowed to receive a dividend of 10 per cent, when the price of gas was not above 3s. 6d. per 1,000 feet, and an additional dividend of 4 per cent. for each reduction of one penny per 1,000 feet in the price of gas; the plan proposed was to give the employees a bonus of "1 per cent. on their year's wages "for every penny reduction below 2s. 8d. per 1,000 feet" (the price then being 2s. 3d.). In addition, there was to be placed to the credit of every man who should accept the scheme a sum equal to what he would have received as bonus if the scheme had been in force during the previous three years, this "nest-egg" being equivalent to 9 per cent. on one year's wages.

In order to qualify for participation under the profit-sharing scheme, the workman was required to sign an agreement binding himself to work for the company for twelve months at the current rate of wages, the company agreeing to employ him during that period, and also undertaking "that no alteration shall be made "in the wages to the disadvantage of any of the men." The money coming to the employees under the scheme was not to be withdrawn, except in the case of death, during the first year, "nor during the first five years, except in case of death, super-"annuation, or leaving the service of the company," but was to remain on deposit at 4 per cent. with the company, and was to be forfeited in case of a strike or wilful injury to the company. Within a week about a thousand of the company's employees signed the agreement; but this number included only three of the stokers.

A meeting was held on November 21st, 1889, between the directors and representatives of the workmen who had signed agreements, as the result of which a large number of concessions and improvements were made in the scheme. The company withdrew the clause under which a man was to forfeit his bonus in the event of strike or wilful injury; they agreed to allow the bonuses to be paid out in cash—though later, as is mentioned below, it was found possible to re-impose the condition that part of the bonus must be retained for investment; and provision was made for "winter men," i.e., those who are employed only during the time of maximum pressure in the winter, to participate in the scheme provided that they signed an agreement for The new scheme, which was issued on November three months. 27th, 1889, contained a number of other alterations of less importance.

The Gas Workers' Union, however, still manifested a strong aversion to the scheme on a variety of grounds, the most important objections being that the scheme was likely to induce men to leave the Union, and that men bound by twelve-monthly

agreements, especially by agreements terminating at different dates, and punishable for breach of their contracts by penalties of a criminal as well as of a civil nature, would find it impossible to strike with effectiveness, if such a measure should appear necessary with a view to obtaining any desired alterations in the conditions of employment. Accordingly, the Union insisted that the profit-sharing scheme should be abolished, or that the men who had accepted it should be removed from the works; and to enforce this demand over 2,000 men (practically the whole of the company's stokers) came out on strike on December 12, 1889. The company filled the places of the strikers; and the strike, having virtually worn itself out, came to an end on February 4, 1890.

The benefits of the scheme are restricted to employees working under signed agreements, and to officers who fulfil the conditions of the rules; and the Directors reserve the right to refuse permission to any man to sign an agreement "who does "not take an interest in the welfare of the company and its "co-partnership, or who is wasteful of the company's property, "or is careless or negligent in the performance of his duty." There was at one time a clause in the agreement forbidding co-partners to be members of the Gas Workers' Union; but all restrictions on membership of this Union have long since been withdrawn.

The form of agreement now in force is printed in Appendix E. (p. 206). The period for which the men engage themselves is, for the most part, twelve months; or, in the case of "winter men," from three to six months.

Various alterations were made in the scheme in 1894 and 1898, the effect of which was to give improved terms to those who left half their bonus for investment in the company's capital. Employees could also leave the withdrawable half of the bonus on deposit with the company, at interest, and could invest this, and their own savings, in the company's shares.

It was at first found that a considerable proportion of the employees failed to avail themselves of the opportunity afforded them of leaving the withdrawable part of their bonus on deposit with the company. The company accordingly gave notice in August, 1899, that those participants in the bonus who, during the past five years, had regularly withdrawn all their withdrawable bonus, would at the next distribution, in 1900, have nothing placed in their withdrawable account unless they should deposit with the company, week by week, a sufficient sum to equal by June 30, 1900, a week's wages: it was, however, provided that, if a man should have withdrawn money to invest it otherwise, this notice was not to apply to him. Further, at the end of 1900, it was announced that "all those men who have withdrawn "their bonus must deposit not less than 6d. a week in the com"pany's savings bank to entitle them to the full bonus next
"June."

In the revision of the rules of the profit-sharing scheme which came into force on the 1st July, 1901, the starting point

of the bonus scale was made 3s. 1d. instead of 2s. 8d.; and instead of the two rates previously in force (1 per cent. on wages if all the bonus were withdrawn and 11 per cent. if half were invested in stock) bonus was fixed to be paid in future at one uniform rate, viz., three-quarters of one per cent. on wages for every reduction of one penny in the price of gas below 3s. 1d. per 1,000 feet. At the same time the investment of one. half of the bonus in the company's stock was made obligatory for all except the winter men, and the minimum amount of stock to be purchased out of accumulated bonus was raised from £5 to £10. With regard to the disposal of their stock by employees it was now provided that "any man selling his stock to any outside "party, without the consent of the secretary of the company, will at once cease to be a Profit-sharer . . . those who sell "their stock except for the best reasons, such as investing in "the building society or buying a house, and those who regu-"larly withdraw their half-bonus, will be struck off the list. "They may, however, again become qualified by saving for two "consecutive years an amount equal to one week's wages in each "year."

By a later revision of the co-partnership rules, which came into force on July 1, 1910, an important alteration was made in regard to the treatment of the bonus. Up till then, while one-half of the bonus was required to be invested in the company's stock, the other half might either be left on deposit with the company or invested in stock, or might be withdrawn at a week's notice. Now it was laid down that this second half of the bonus is to be "left in the company's hands to accumulate at interest, "or it may be invested in stock with the trustees, or it may be "withdrawn under special circumstances by giving a week's "notice."

Co-partnership Committee.—The scheme, from its very outset, provided for the appointment of a Profit-sharing Committee (the name of which was in September, 1903, changed to "Co-partnership Committee") and for the election of auditors to supervise the accounts, the terms of these provisions being as follows:—

- "11. A committee of management shall be elected, to consist of the chairman of the board of directors, and 17 members elected by the board, and 18 members elected by the profit-sharers in proportion to the numbers at each station, who shall be elected by ballot; one-third of the members of the committee to retire by rotation every year, but to be eligible for re-election. Seventeen members shall constitute a quorum, of which not less than eight shall be workmen, and every resolution to be binding at such meeting shall have for its support a majority of the members of the committee present at, and voting upon, the resolution.
- "12. The committee shall appoint a secretary, who shall have no power of voting.
- "13. In the event of any difference arising as to the construction of these rules, it shall be referred to the committee, whose decision shall be final and conclusive.
- "14. There shall be two auditors, one to be elected by the workmen, the other to be appointed by the company, whose duty will be to compare and initial the workman's pass-book with the general account . . .

- "15. The committee shall meet for the transaction of business when summoned by the secretary, but not less than twice in each year; and on a requisition of 20 employees or three of their own number at any time.
- "16. The secretary shall receive all notices, summon all meetings of the committee, and obey the orders of committee in all other matters and "things whatsoever."

In 1910 the number of members of the Co-partnership Committee was increased from 36 to 54; and it was provided that "candidates must hold and continue to hold while in office on the Committee not less than £25 of stock, and they must have been not less than five years in the company's service." The number has since been increased to 60; and, in December, 1918, it was temporarily raised to 82, so as to include representatives of the large number of women workers who had been taken on during the war. The men's and the women's representatives sat together at ordinary meetings of the Committee and also at meetings of the employees' elected representatives, who meet by themselves in the week preceding the fixed monthly meeting of the full Committee. In addition to this the women were permitted to meet alone once a month to discuss matters particular to their sex.

Speaking generally, a large part of the functions of the Copartnership Committee consists in smoothing away friction which may arise between individual workmen and their employers, and in removing suspicions entertained by a workman that he is not being treated fairly. For this purpose a very important part is played by the workmen's representatives on this Committee, to whom the workman who thinks himself hardly dealt with applies in the first instance. In very many cases a talk between the workman and the representative on the Co-partnership Committee of the class of employees to which he belongs suffices to allay the man's discontent. Should this not be the case, the next step is for the representative before whom he has laid his case to put the matter before the superintendent or other official in charge of the department of the works in which the workman is employed. If the interview between the official and the representative should fail to produce results satisfactory to the complainant, then the case is brought before the Co-partnership Committee. But the necessity for this step occurs but seldom, most cases being settled in the manner above When complaints have come before the Committee its decision has always been accepted without demur.

In a certain number of cases, however, the matters which have come before the Co-partnership Committee have concerned, not individual workmen, but the employees of the company as a whole. In this manner the rules of the Superannuation Fund of the company have from time to time received necessary revisions. Among the many useful tasks that have been performed by the Co-partnership Committee has been the settlement of the rules of the company's Accident Fund, and the subsequent revisions of these rules necessary to adapt them to be certified (as they have been) as a Contracting-out Scheme under the Workmen's

Compensation Acts. In relation to this Scheme the Co-partner-ship Committee acts as referee in cases of disputed benefits, the entire administration of this Accident Fund being left in its hands.\*

In giving evidence before the Select Committee on Gas Undertakings (Statutory Prices) in May, 1918, Dr. Carpenter, the Chairman of the Company, spoke as follows with regard to the Co-partnership Committee, in reply to a question suggesting that the fact that the members were employees, subject to dismissal like any other employees, might make it a little difficult for them sometimes to voice the grievances of their fellowworkmen:—

"I wish the Committee could be present at one of the " meetings, and they would be most interested at the out-"spoken manner in which the men do speak. When one "talks of difficulties with working men in the country it is " because they do not understand one another, because they "do not have an opportunity of saying what is wrong. Their "grievances are bottled up and they have no opportunity of " blowing them off, and then you get a wound which festers "and is troublesome. But certainly in our case they do " not mind what they say. I think I might give an example "of it with regard to the military service difficulty. Our "men are being impressed with the number of men of "military age still in our employ, and they formed a com-" mittee of four of our employees under the presidency of "one of the officials whose duty it was to go round the "different works and satisfy themselves as to the ages of "employees and officials. That is the interesting part of "it; they did not stop short at the man getting so much a "week, but they dealt with officials earning several hundreds a year, they dealt with everybody of military "age in the company's service through the medium of "the Workmen's Committee under the presidency of one "officer. They dealt with 2,200 cases, and they came to "the conclusion that there were something like 700 or 800 " of military age, of whom some 400 or 500 were, in their "opinion, not indispensable men. I give that as an example "that they do take up a very upstanding and independent "attitude."

<sup>\*</sup> In connection with this Accident Fund a system of "Juries of Workmen" is in force. The rules of the Fund provide that an inquiry shall be made into every accident that is a charge on the Fund, and may, at the discretion of the Company's engineer, be made into any other accident. Every jury shall include at least one member (but not more than two) of the Co-partnership Committee; a number of workpeople (but not more than four) from the department in which the injury occurred, and the remainder (making the number up to 12) in order from the Jury List. The duties of a jury include that of investigating the circumstances causing the accident, and stating whether any blame attaches to any official or workman, or whether the plant, machinery, or means of protection were defective; and if, in the opinion of the jury, anything can be done to prevent a similar accident in future, they are to make such recommendation as hey may consider necessary.

Employee-Directors.—On August 27th, 1898, a scheme for the election by the officers and workmen of the company of employee-directors, made under the provisions of the Company's Acts of 1896 and 1897, came into operation. This scheme was to continue in force for three years, and was renewed in 1901. In 1907 the scheme was again renewed for a further period of 43 years. It is, however, subject to prior determination should the employee-shareholders reduce their holding of stock below certain specified limits.

The number of employee-directors is not to exceed three, of whom one shall be a salaried officer, and the other two employees in receipt of weekly wages; and it may be reduced below that number if the amount of stock held by the employees should decrease.

With respect to the qualification of an employees' director it is provided that:—

"The qualification of an employees' director shall be two-fold, the having been continuously not less than 14 years in, and continuing in, the employ of the Company, and the having held for not less than 12 months prior to the date of election, and the continuing to hold, not less than £120 stock of the Company, accumulated under the "Co-partnership scheme. As the aggregate holding of stock [by employees] increases, so shall the qualification . . . of employee directors increase in the following proportion:—

Aggregate holding £200,000, qualification £120.
,, ,, £300,000, ,, £140.
,, ,, £400,000, ,, £160.
,, ,, £500,000, ,, £180.
One-tenth of capital or more, ,, £200."

The whole question of the value of the system of employeedirectors was discussed at two recent meetings of the Co-partnership Committee, in September and October, 1919. Dr. Carpenter (who is chairman both of the Company and of the Co-partnership Committee) said that the ordinary directors were chosen because of their knowledge of the business of the Company on its financial side, a side on which the employee-directors necessarily had less experience. On the other hand the employeedirectors could exert a very real and weighty influence on the policy of the Company, in regard to the employees, because they possessed an intimate knowledge and experience on many points in this connection, often beyond that of an ordinary director. The usefulness of this was fully recognised and relied upon in the discussions of the Board. The Secretary of the Company endorsed the Chairman's views, and testified to the value of the employee-directors, and the advantage of thus bringing the management into close touch with the employees, and the employees into direct contact with the management.

The number of persons employed by the company in 1918 varied between 7,484 and 9,110, of whom 8,350 would have been entitled to share in profits on the 30th June, 1918, if any bonus had been payable under the scheme.

In the 29 years from 1889 to 1917 inclusive, the total amount paid as bonus under the scheme, including the "nest-egg" of £6,863 paid in 1889, was £771,804, the ratio of bonus to wages or salaries varying from  $2\frac{1}{4}$  to  $9\frac{3}{4}$  per cent. In no fewer than eighteen years, viz., from 1896 to 1914 inclusive, with one exception, it was at the rate of  $7\frac{1}{2}$  per cent. or over. No bonus was paid in either of the years ended 30th June, 1918 and 1919, owing to the raising of the price of gas over 3s. 1d. per 1,000 feet—the base price.

In all, 5,400 of the company's employees hold between them ordinary stock of the company to the (nominal) amount of £425,000 in their own names. In addition the trustees hold £27,000 on behalf of 6,590 employees, many of whom also hold stock in their own names; and further, the company holds on behalf of 8,100 of its employees deposits (accumulated bonus and other savings) to the total amount of £70,000.

With regard to the share in the control of the affairs of the company possessed by its employees, it is estimated that out of the total number of votes which could be given at a general meeting of the shareholders the proportion representing the voting strength of the employee-shareholders is about 7 per cent.; while of the ten directors of the company three (one official and two workmen) are representatives elected by its employees. Eight employees of the Company, in all, have served as employeedirectors, since the scheme for the election of employee-directors came into force into 1898.

The company have recently started a new arrangement for the deposit of savings with the company. This is not intended to supersede but to supplement the present system, which has been in force for many years, of accumulating savings (which may be credited to the "withdrawable" side of the co-partnership pass book), either in cash or by small deductions from wages. That system will continue in force, and money so deposited may be withdrawn as heretofore.

The new system differs from the older one in several respects. The account will be kept apart from the co-partnership, and a special pass book will be provided for the depositor. The minimum sum that can be carried to this account from wages or salary has been fixed at 2s. 6d. per week. Cash deposits may also be made. One month's notice of withdrawal must be given, but subject to that condition any portion, or the whole, of the money deposited may be withdrawn at the wish of the depositor.

Accumulations of voluntary savings, now credited in the copartnership pass book, may be transferred to this deposit account, but not bonus accumulations.

The rate of interest will be 5 per cent. per annum, which will be credited on each complete pound, as from the first day of each month.

#### Other Gas Companies.

The other gas companies' co-partnership schemes\* follow closely the lines of the South Metropolitan, the pioneer company; but there are various differences of detail, as regards the basis of distribution, the retention of bonus for investment, restrictions on sale of shares, the proportion of withdrawable to non-withdrawable bonus, conditions attached to participation, and so on.

"Maximum Dividend" Companies.—It should be noted that in ten of the co-partnership gas undertakings—Cambridge, Cardiff, Chester, Gloucester, Grantham, Hertford, Leamington, Swansea, Weston-super-Mare, and Wrexham—the dividends payable to shareholders are not controlled by a sliding scale, these undertakings being what are called "maximum dividend" companies. The operation of the "maximum dividend" system, with individual variations which may be left out of account for the present purpose, is, broadly speaking, as follows:—

The maximum dividend which the company may pay to its shareholders is fixed, and also the maximum price which the company may charge for gas. When the profits of the company are more than sufficient to pay the maximum dividend, the excess, up to certain fixed amounts, is employed in building up a reserve, for equalisation of dividends; companies working on this system being permitted to pay, out of the profits of future years, any deficiency by which the dividend paid in a bad year falls short of the maximum dividend. After the fixed amount required for building up this reserve has been set aside, the whole of the profits in excess of what is required to pay the maximum dividend are obliged to be employed in reducing the price of gas.

The profit-sharing bonus paid to the employees in these maximum dividend companies goes up and down inversely as the price of gas,† just as in the sliding-scale companies; and it will be evident that, so long as the dividend is at the maximum—and this, in normal times, was the case with a majority of these companies—the employees have the strongest interest in reducing the cost of production and thereby increasing the company's profits, since the whole of the surplus profits are applied in reducing the price of gas, a reduction which automatically increases the employees' bonuses. Where the dividend is not at the maximum the employees' interest in increasing profits is not so direct and immediate; but it is, of course, to their interest to prevent the price of gas being raised (thereby reducing their bonuses), so far as they are able to secure this by good work and by effecting economies.

\* Except the Southend and Watford schemes. The Southend scheme is at present suspended; for the Watford scheme, see pp. 60-1 below.

<sup>†</sup> It should be noted that the maximum price of gas under the company's Act of Parliament is not necessarily in all cases the price at which the profit-sharing bonus ceases to be payable. Thus, in the Cambridge scheme, the maximum price which may be charged by the company for gas is 4s. per 1,000 cubic feet, but the profit-sharing bonus ceases to be payable when the price is at or over 3s. 4d.; while in the Wrexham scheme the maximum price to consumers is 4s., but bonus ceases to be payable to employees at 3s.

Basis of Distribution .- In every scheme, except that of the Southend Gas Company, the bonus is distributed in proportion to the wages or salaries of the participants. In calculating the bonus, it is provided in nearly every case that overtime shall be excluded; and in the large majority of schemes those employees who are on piecework have their bonus calculated on the amount they would have earned at the ordinary rates of wages in the regular working hours. The Liverpool Gas Company excludes not only overtime and piecework, but also war wages, or war bonus, in calculating the amount due to each employee. Nearly every scheme provides that, in calculating the bonus, no deduction shall be made on account of absence due to sickness, provided such absence does not exceed a certain limit. Two calendar months is the period usually allowed, but in the Cardiff scheme the limit is six weeks, and in the Redhill scheme one month. In the case of the Aldershot and Bournemouth schemes time lost through sickness will be allowed for "at the discretion of the Directors."

Retention of Bonus Investment.—In some for schemes the whole of the bonus is retained by the Company for investment. This is the case, for example, in the Cardiff, Eastbourne, Rugby, Walker and Wallsend, Wellingborough, and Wandsworth, Wimbledon and Epsom Gas Companies' schemes. In the Merthyr Tydfil, Redhill, Tunbridge Wells, and Wrexham schemes the first five annual bonuses are thus retained. several schemes the whole of the bonuses are retained until a sum has been accumulated sufficient to purchase one or more shares, at market value The qualifying amount varies, but is most commonly £5 worth of stock. Such restrictions are found in the Gas Light and Coke (London), Aldershot, Bournemouth, Cambridge, Croydon, Harrow, Hertford, Ilford, Ipswich, Newmarket, Swansea, and Weston-super-Mare schemes. The purpose of this restriction is, of course, to hasten the accumulation of a sufficient amount to purchase a minimum quantity of stock: without such a restriction the sums accumulated would be so small that it would be some years before the employee was able to purchase even a small quantity of stock. The restriction has the disadvantage, however, of discouraging the lower paid employees, who, of course, take the longest time to accumulate the minimum sum required to buy stock, and who are also the most likely to be attracted by the gratification of handling a bonus either in cash or in a withdrawable savings bank balance. Some of the companies which impose such restrictions report that, so far from their schemes tending to lengthen the period during which their employees remain with them, it has rather had the opposite effect, at any rate at the start, since men leave in order to realise their bonus, which they could not otherwise handle for several years.

Proportion of Capital held by Employees.—The South Metropolitan is the only gas company in which the amount of stock acquired by employees through Profit-sharing exceeds five per cent. of the total capital. In seven companies employees now

hold between two and five per cent. of the total capital; but in all the remaining companies the proportion of capital so held is less than two per cent.

Restrictions on Sale of Shares.—Nearly all the gas companies forbid the employee-shareholder to sell his shares without the company's consent, or impose a penalty for so doing: and in many cases he is forbidden to sell at all except to another co-partner. The penalty is usually removal from the list of co-partners, either immediately or at the end of the employee's current period of agreement. In some schemes, however, the employee who has been struck off the list of co-partners in this way may be reinstated after an interval, or can be reinstated by depositing a specified sum. In six schemes the penalty is not enforced in the case of employees who sell their shares for the purpose of investing in a building society, purchasing a house or land, &c.

In some cases it is stated that the company will abandon copartnership if it is found that a large proportion of employees sell the shares they have acquired through the scheme. Share certificates are retained in the custody of trustees in the case of the Cardiff, Merthyr Tydfil, Redhill, and Swansea companies.

"Withdrawable" Part of Bonus .- This is usually one half; but in the Gas Light and Coke Company's scheme (London) it is only a quarter. In the case of the Bournemouth Gas and Water Company, it has recently been arranged that, after a man has purchased one share in the Company, the balance (after paying his contribution to the Pensions Fund) can be withdrawn by In one scheme (Croydon) the withdrawable him on request. part of the bonus is paid in the form of a warrant or cheque; in most of the remainder it is entered in the employee's pass-book (in a separate account from the "investment" account), and is withdrawable at a week's or, in a few cases, a fortnight's In several other schemes, on the other hand, in addition to the South Metropolitan, it is only withdrawable by special permission, which is only given when the company are satisfied that the circumstances justify it. In many schemes, even where there is no such strict limitation on withdrawals, it is provided that an employee will be struck off the list of co-partners, temporarily or permanently, if he habitually withdraws his bonus: or that the whole scheme may be terminated if the co-partners generally withdraw their bonus in this way.

Conditions attached to Participation.—Except in the case of "winter men," i.e., men taken on during the winter pressure, the workers are generally required to enter into an agreement for twelve months if they wish to enjoy the benefits of the copartnership scheme. In the Waterford scheme, however, the agreement is only for six months, and at Liverpool for four months. At Shrewsbury the agreement is not for any stated period but until determined by one month's notice on either side; while at Rugby employees are not, in practice, required to sign an agreement.

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In most cases where long-term agreements are required there is a provision that employees may leave before the termination of their agreement, on obtaining the permission of the management. In such cases, however, they sometimes forfeit part or the whole of their bonuses for the current year.

With several companies it is specifically provided that the bonus for the current period will be forfeited in case of breach

of agreement or dismissal for misconduct.

The majority of schemes provide that employees who are wasteful or careless or negligent in the performance of their work shall not be allowed to participate; or that an employee's bonus may be forfeited to make good any damage caused by

his carelessness or wilful neglect.

Casual employees are excluded from participation in the Canterbury, Croydon, and Harrow and Stanmore Companies' schemes. In the case of the Canterbury scheme, the clerical and office staff are also excluded; while with the Gloucester Company employees who earn more than £200 per annum are not allowed to participate. In the Leamington Priors and Rugby Gas Companies' schemes no employees who are under 21 years of age may become co-partners. In the Chester and Wrexham Companies' schemes it is provided that employees in order to participate must be members of an approved benefit society.

Provisions as regards "Winter Men."—The rules of the scheme in force with the Commercial Gas Company (London) provide that men serving under short term agreements shall be entitled to the withdrawable half of the bonus only. With the Aldershot, Bournemouth, Gas Light and Coke (London), and Waterford Companies, winter men are entitled to the full bonus provided that the whole of it is left with the company; but if they elect to take the withdrawable part in cash they forfeit the remainder. The withdrawable half bonus for winter men is limited to an amount equal to 4 per cent. of the wages at Leamington and to 5 per cent. in the Waterford Company's scheme.

Facilities for Investing Voluntary Savings.—As in the South Metropolitan scheme, employees in practically every company are encouraged to deposit voluntary savings, in addition to the profit-sharing bonus, at a fixed rate of interest. Money which is deposited in this way is withdrawable at short notice; but upon application from the employee arrangements will usually be made for investing the whole or any part of such savings in the company's shares.

Employee-Directors.—The South Suburban Gas Company (London) is the only Gas Company, apart from the South Metropolitan, in which employees are represented on the Board of Directors. (See below, p. 60.)

Co-partnership Committees.—Co-partnership Committees, usually consisting of equal numbers of directors' and workmen's representatives, exist in connection with every gas

company's scheme. In general their functions are similar to those of the South Metropolitan Company's Committee, as described on pages 50-2.

Features of Particular Schemes.—The following points of special interest appear in certain schemes:—

Bournemouth.—Several alterations have recently been made in the scheme, on the recommendation of a Committee of employees and staff who were appointed last winter to suggest amendments. The distinction between the "free" and the "investment" portion of the bonus is now withdrawn, and it is provided that, after paying two-thirds of the employee's contribution to the Pension Fund, the remainder may be withdrawn, in whole or in part, on seven days' notice. The employee must, however, first have accumulated enough to purchase one of the Company's shares.

The Co-partnership Committee is increased from twelve to twenty-four (half being members elected by the workmen) and is re-named the "Management Committee"; and the employees' representatives form a permanent sub-committee, who are authorised "to discuss and make recommendations on any matter affecting the interest of the employees, including wages

questions."

Canterbury.—The bonus in this case depends on the "uniform" dividend of the company, which supplies both gas and water. The dividend payable by the water undertaking cannot exceed a fixed maximum of 8 per cent., while the gas undertaking is on a sliding scale. When the sliding scale permits a dividend of (say) 6 per cent., the "uniform" dividend is the mean between this and 8 per cent. (the maximum for the water undertaking), i.e., 7 per cent., and the bonus is half this percentage on wages or salaries. That is to say, in the case supposed, the bonus would be at the rate of  $3\frac{1}{2}$  per cent. on wages or salaries.

Cardiff.—The whole of the bonus is retained for investment, but in special circumstances withdrawals may be made with the consent of the Co-partnership Committee. Employees are not allowed to sell their stock without the consent of the Co-partnership Committee.

Commercial Gas Company (London).—It is expressly provided in the rules of this scheme that no objection will be taken to employees joining a trade union.

Croydon.—This company has a pension fund, two-thirds of the employee's contribution to which is first deducted from his (undivided) bonus. The remainder is accumulated until it is sufficient to purchase a holding of £5 in one of the company's ordinary stocks; further bonuses are then divided into two equal parts, one of which is retained for investment, and the other paid by cheque or warrant. An employee forfeits the whole of his interest in the pension fund if he assigns, charges or alienates the same.

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Grantham.—This company's scheme provides that—

"no money or stock in respect of this [the investment] half
of the bonus shall be withdrawn by a co-partner, unless
he is leaving the company's employ; and then only if
he has had five years' service, excepting under special
circumstances, and with the sanction of the directors of
the company; and any such bonus or stock thus forfeited
shall form a pool, to be divided equally once every five
years amongst such of the co-partners of the company
who may have been in the employ of the company for
the five years preceding the date of such distribution."

Leamington Priors.—Under this scheme employees may purchase either ordinary shares or debenture stock.

Liverpool.—The bonus in this scheme is paid half-yearly.

South Suburban Gas Company (London).—This Company has two employee-directors.

The Co-partnership Committee has been designated as the "Works Committee" for the undertaking, under the Whitley scheme, when the time comes for works committees to be appointed.

The Co-partnership Committee has a permanent sub-committee consisting of the whole of the employees' elected representatives, who are empowered—

"to discuss and make recommendations on any matter affecting the interest of the employee co-partners, or other subjects concerning the co-partnership system, which may be authorised by the Co-partnership Committee."

This sub-committee meets as often as required. The elected representatives of the co-partners

"have the right to make representations to the managing officials on any grievance, individual or general, or other matters affecting the interests of the co-partners in their respective departments; and, in the event of failure to obtain a satisfactory adjustment, they shall be empowered to appeal to the Chairman of the Company. If agreement is not then attained, the matter shall be referred to the [Co-partnership] Committee, whose decision shall be in the form of a recommendation to the Board of Management or to the employees concerned."

Wandsworth, Wimbledon and Epsom District.—Sums can only be withdrawn in cases of "grave necessity." An employee borrowing from a money lender on the security of his stock certificate is liable to be disqualified from participation in the profit-sharing scheme.

Watford.—Under this scheme an employee receives a bonus equal to 3 per cent. of his total wages or salary. Two-thirds

<sup>\*</sup> The Company's Act of 1904 permits the election of three employeedirectors, two from the employees in receipt of weekly wages and one from the salaried staff; but at the present moment the salaried staff have no representative on the Board.

of this bonus is retained by the Company for investment, and one-third placed to a withdrawable account. The bonus is paid half-yearly.

This section of the Report may fitly close with the following letter received from Mr. D. Milne Watson, the Governor of the Gas Light and Coke Company (the largest gas undertaking in the United Kingdom), under date of the 10th November, 1919, which the Department is permitted to quote:—

"I am obliged to you for giving me the opportunity of "stating my views with regard to Co-partnership as applied "to this Company and, I believe, to many other Companies

"We are satisfied that the working of our Co-partnership scheme has tended to produce better working relations between the Company and its employees, and has united the interests of the Co-partners and the shareholders. When I tell you that our scheme only came into operation in 1909, and at the present time there are 8,680 co-partners, holding £183,000 in stock and having £103,600 deposited with the Company, for which they are paid interest, you will realise that considerable progress has been made and that such a large holding must give the workmen an increased interest in their work.

"I do not say, of course, that Co-partnership is a panacea "for all troubles, but there is not the slightest doubt, from our experience, that Co-partnership brings about a better "understanding between Capital and Labour, and if more generally adopted would go a long way towards overcoming "some of the industrial difficulties of the time."

# (b) Profit-sharing and Co-partnership other than in Gas Undertakings.

(1) SAVINGS OR DEPOSIT SCHEMES.

Of the schemes existing in firms and companies other than those connected with gas undertakings, a certain number are based on the encouragement of savings or deposits. The employing firm or company agrees to receive savings, or deposits, at a fixed minimum rate of interest, which is guaranteed whatever the profits may be; and in addition to pay a contingent supplementary rate, varying with profits, if the profits exceed a specified level.

Sir W. G. Armstrong, Whitworth and Company, Ltd.

This well-known Company of engineers, ordnance manufacturers, and shipbuilders, of Newcastle-on-Tyne and Openshaw (Manchester), have had a system of profit-sharing deposits in operation for over forty years.

The scheme was first started at Openshaw, by Sir Joseph Whitworth, before his business was turned into a limited liability company. He told his workmen, in 1878, that, if they liked to

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invest part of their wages in the firm, he would be their savings bank, and would give them the same dividend that he got himself on his own capital. The business was turned into a limited company in 1888 under the style of Sir Joseph Whitworth and Company, Limited which continued the system just described The rules of the company provided that deposits of not less than 1s. and not more than £1 of the depositor's weekly wages would be received each week from persons in the employ of the company, and that, on each declaration of the annual dividend by the company, interest would be allowed on the amount standing to the credit of the depositor equal to the rate per cent. of dividend declared on the shares of the company. Such interest was to be credited to each depositor, and added to the principal due to him, as on and from the 31st of March next preceding the declaration of the annual dividend. Deposits might be withdrawn, with interest at 4 per cent. from the 31st of March, at from three to fourteen days' notice; but this notice might be dispensed with under special circumstances. Persons leaving the employ of the company were to be repaid their deposits, with interest, at the expiration of fourteen days.

In 1896 the business of Sir Joseph Whitworth & Co., Limited, was amalgamated with that of Sir W. G. Armstrong, Mitchell & Co., Limited, and the combined undertaking was registered under its present title of Sir W. G. Armstrong, Whitworth and Co., Limited. The scheme of profit-sharing deposits above referred to was extended by its application, in a form slightly modified, to the whole of the employees of the amalgamated

company.

Under this scheme deposits of not less than 1s. and not more than £1 of the depositor's weekly wages are received each week from persons in the employ of the company, the maximum amount which may be deposited being £200; in the case of officials paid quarterly these limits are raised to £2 a week, and £400, respectively. The directors, however, reserve the right of fixing a limit to the total amount which will be received. The deposits carry a fixed interest of 4 per cent., and, in addition, a bonus is declared each year equal to half the difference between this fixed rate and the dividend payable on the shares of the company, but so that interest and bonus together shall not in any case exceed 10 per cent. Interest and bonus are added to depositors' accounts unless they give notice to withdraw in cash. Deposits can be withdrawn up to one-half on seven days' notice, or the whole on fourteen days' notice: under special circumstances no notice is required. Persons leaving the employ of the company will be repaid their deposits at the end of fourteen days.\*

<sup>\*</sup> The scheme is printed in full in Appendix E, pp. 191-2. In this case the employees' deposits are unsecured. In other cases they are secured; an example will be found in Appendix E, on p. 211, where a form of agreement is given formerly used by a company which allowed its employees to invest in its debentures (£5 per cent.), promising to pay the employee debenture holder, in addition to this fixed interest, the difference between this interest and the rate of dividend paid on its ordinary shares. For a case in which the employees' deposits are secured by debentures of the employing company, see p. 77.

The total amount of bonus paid in 1918 (i.e., sums paid on employees' deposits over and above the fixed minimum rate of 4 per cent.) was £17,187; and the total amount on deposit with the company at the end of December, 1918, was £581,908. The number of employees to whom these deposits belonged was 12,215, of whom 3,035 were women and girls. The average number of employees of all grades in constant employment during 1918 was approximately 69,000, of whom about 18,000 were women and girls.

The employees of the company have also made investments in its securities, apart from the profit-sharing deposits described in the text; these investments (the amount of which it is not possible to state) were made on the same terms as in the case of the

general public.

#### Fox Brothers and Company, Ltd.

One of the oldest schemes of Profit-sharing in existence in this country is that introduced in 1866 by Messrs. Fox Brothers and Company, woollen manufacturers, of Wellington, Somerset (converted into a joint-stock company in 1896). The firm had for some time allowed their managers, foremen and clerks to receive a bonus calculated in part according to their respective positions, in part according to the year's profits. In 1866 they introduced a plan of receiving from their workpeople sums of money on deposit, to bear a rate of interest never less than 41 per cent. nor more than 10 per cent., but within these limits varying "in accordance with a certain fixed scale based on profits, which "has been prepared by Messrs. Fox Brothers and Company." The firm undertook to repay any sum up to £50 on seven days' notice, above £50 on two months' notice. The supplementary rate of interest (varying with profits) is now only allowed on "investment accounts," i.e., amounts of £5 or upwards, and not on small sums left in the "savings accounts," which receive only a fixed rate of  $4\frac{1}{2}$  per cent.

New rules came into force in 1916. The limit of the amount that may be withdrawn from investment accounts at seven days' notice has been raised to £100: one month's notice is now required for the withdrawal of amounts over £100. A limit on the amount that may be invested by an individual depositor under the profit-sharing scheme has been fixed, viz., £400 in the case of ordinary workpeople, with a higher limit in the case of foremen. Sums over this limit may be deposited, but re-

ceive only a fixed rate of 51 per cent.

The number of workpeople in the employment of the company in 1918 was 1,423 (622 men and boys, and 801 women and girls). The number of employees who had taken advantage of the profit-sharing scheme, and who participated in the bonus, showed no great change until 1918, when a remarkable increase took place, the number of men and boys participating showing an increase from 229 to 430, and the number of women and girls from 95 to 398; and the total deposits of the employee-depositors reached the large sum of £60,600. This is exclusive of deposits exceeding the limits mentioned above, to which the fixed (non-profit-sharing) rate of  $5\frac{1}{2}$  per cent. applies.

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A member of the firm, Mr. Joseph H. Fox, expressed his opinion of the scheme as follows in an address\* given before the Social Science Association in 1881. After mentioning that the system had been thoroughly appreciated by the workpeople, Mr. Fox continued:—

"Secondly.—There has been scarcely any trouble experienced in carrying it out, and I am not aware that there has ever been any complaint made of the rate of interest given, although this has varied from 4½ per cent. to 10 per cent., nor am I aware that it has ever been suggested that the rate of interest was unfair or any wish expressed to know how it was calculated. The decision of the partners has in all cases been accepted without question.

"Thirdly.—It has on one or two occasions happened that, when a high rate of interest has been paid, applications for increased wages have followed, it, no doubt, being thought that, as the business had been prosperous, a better rate of wages could be afforded.

"Fourthly.—It is very difficult to form an opinion as to the effect produced on the carefulness and attention of the workpeople, and whether in this sense the scheme has answered. I believe it has in the case of many of the foremen and others in places of trust; but these have had, it must be remembered, an additional stimulus from their being partly paid in accordance with results. But with the ordinary workpeople there is not so much scope for showing interest, and as they nearly all work by the piece, it can produce but little effect on their industry. There are, of course, many ways by which economies may be effected—by the saving of material, by care of machinery, and in other ways; but it is very difficult to form a definite opinion as to the results of the scheme in this important respect. It must be borne in mind that in a manufacturing business the skill and judgment in the purchase of the raw material and the sale of the goods are important factors, and that when a large amount of raw material is worked up, and when stocks both of raw material and of manufactured goods are necessarily heavy, and when there is a constant fluctuation in prices, the apparent profits are much affected by these fluctuations. These matters are, of course, outside the workpeople, and they feel that their exertions may be in part neutralised by other causes not under their control, and this operates prejudicially on the working of this scheme. Could they clearly see cause and effect, and directly trace the results of their increased watchfulness in the increased prosperity of the business, then their participation in the profits would probably have more definite results.

"Fifthly.—There is no doubt that the management of the business by the partners is much more closely watched by the workpeople, and especially by the foremen and others in places of trust.

"Having thus endeavoured to describe some of the results of the plan carried out in our works, I will attempt to point out some of the lessons that these appear to me to teach, and also to state some of the difficulties that seem to me to threaten all schemes the object of which is to make the employed participators in the profits with their employers.

"First.—Unless a sufficiently large share of the profits be given, the desired effect will not be produced, that is to say, that increased attention and intelligence will not be aroused which are necessary to ensure its success.

"Secondly.—The larger the interest given to the employed, and the more their prosperity depends directly on the prosperity of the concern, the greater will their influence become. As long as a business is prosperous and well managed all will go well; large profits will be divided, and the employees will be satisfied. But when bad times

<sup>\*</sup> Transactions of the Social Science Association, 1881, pp. 671-5.

come, either from depression in the trade carried on, or from bad management, then difficulties will arise, the workpeople may become dissatisfied, and, in the latter case especially, may insist on the management being changed. In any case the difficulties of the principals will be greatly increased, and they may come into awkward

collision with their workpeople.

"Thirdly.—I fail to see that the introduction of industrial partnerships will altogether solve the wages difficulty. Divide the profits as you will between capital and labour, it will always be a question open to dispute whether that division is a fair one. It is true that by introducing plans whereby labour is to share directly in the profits made by the joint action of capital and labour the total profits earned may be augmented, and the earnings of the labourer be also increased; and yet after all he may remain dissatisfied with his share, and may demand either an increase of wages or a larger share in the profits.

"In conclusion, it seems to me that the experience gained by the working out of the scheme adopted by us shows that when the basis exists of an excellent understanding, and thorough goodwill between the masters and workmen, and when the share of the profits given to the latter is not too large, then the system may be carried out successfully so long as the management of the concern is good and the business prosperous; but that the results on the profitable working of the business are somewhat dubious. It has, however, the advantage of avoiding to a large extent the difficulties which might arise were the share of profits divided among the workpeople to be on a larger scale."

At the time of the 1912 Enquiry, Mr. Fox stated that he did not think that the experience of the intervening years had

materially altered his views.

In connection with the present enquiry, the secretary of the company expresses the opinion that the scheme has given satisfaction to the company and to the workpeople, and that it has promoted harmonious relations between them. On the other hand, there is no evidence that it has called forth extra zeal on the part of the employees, or that it has tended to lengthen the average period during which the workpeople remain in the firm's employment, and to prevent changes of staff.

## E. S. and A. Robinson, Ltd.

[For an account of this firm's deposit account scheme, see pp. 104-5.]

## Richard Thomas and Company, Limited.

This company are large manufacturers of timplates and other articles of iron and steel, and have a number of works in South Wales, Monmouthshire, and Gloucestershire. They employ about 7,200 workpeople when all the works are in full operation.

In June, 1913, they introduced a scheme of "Employees' Profit-sharing Deposits." Under the original scheme, the company received sums on deposit at a fixed minimum rate of interest of 5 per cent. per annum, to which was added a bonus equal to the difference between this fixed rate and the average rate of dividend and interest paid on the shares, debentures, and borrowed capital of the company, with a maximum of 12 per cent. per annum. The rules were revised in September, 1918, and now provide for a fixed minimum rate of 7½ per cent., with a bonus

equal to the difference between 7½ per cent. and the rate of dividend paid on the company's ordinary shares, subject to a maximum of 20 per cent.

Employees may pay in such sums as they please, or they may arrange for a fixed sum to be deducted from their wages every week and credited to their account. Interest and bonus may be drawn in cash, or credited to the employee's deposit account, at the employee's option. Income tax at the current rate is deducted both from interest and from bonus; but employees with incomes under £130 a year can, of course, recover these deductions in the usual way.

The maximum amount which may be deposited is five times the annual salary, in the case of employees paid monthly, and £500 in the case of employees paid weekly or fortnightly: these amounts are exclusive of accumulated interest and bonus. The directors reserve the right to vary these limits, and to place a limit on the aggregate amount which may be received on deposit from the employees collectively.

From July, 1913, to September, 1918, in addition to interest at 5 per cent. per annum on the deposits, bonus was declared half-yearly varying from 0.8 per cent. to 7 per cent. per annum, the average rate of bonus being 5.35 per cent. per annum; so that, including interest, the depositors have received an average return of 10.35 per cent. per annum on their investments.

As regards the success of the scheme, the Company write: -

"At present there are about 539 depositors, with deposits amounting to about £75,000: and, although the number of depositors represents only about 10 per cent. of the total employees of the company, we look upon the scheme as being quite a success, having regard to the fact that during the war we encouraged our employees as much as possible to take up War Savings Certificates and invest in War Loan, &c., which of course would take up their surplus earnings."

## (2) Shareholding by Employees.

A large number of schemes provide for the acquisition by employees, either gratuitously or on specially favourable terms, of shares in the capital of the businesses by which they are employed. Such shares may be either (i) ordinary or preference shares, such as are issued to the general public, or (ii) special shares limited to employees, which, as a rule, carry no voting rights, or rights of voting only on special occasions (e.g., when the rights of employee-shareholders are in question), or at special meetings of employee-shareholders.

Four classes of shareholding schemes may be distinguished: -

(i) Schemes based on the distribution of a profitsharing bonus, part or the whole of which is retained for the acquisition of shares in the capital of the employing company. (ii) Schemes in which the profit-sharing bonus is itself given in the form of shares.

(iii) The issue of shares to employees gratuitously.

(iv) The issue of shares to employees on specially favourable terms.

It may be pointed out that the first two groups of schemes are on a different footing from the last two, representing as they do Profit-sharing in that developed form which some advocates of the system prefer to call "Labour Co-partnership." These are the schemes classified as "S" in the Table of Existing Schemes (Appendix A, pp. 150-165). Classes (iii) and (iv), on the other hand, do not begin with the distribution of a profit-sharing bonus, which is then capitalised, but proceed at once to the allotment of shares to employees, without any intermediate The profit-sharing bonus in these cases, therefore, consists, not in the shares distributed (the amount of which may not bear any relation to the amount of the profits), but in the dividends paid thereon (if the shares are issued gratuitously), or in such part of the dividends as represents the advantage given to employee-shareholders over the outside investing public (in cases where the shares are issued on favourable terms, but not actually free of charge). Where, as is almost invariably the case, these dividends are paid in cash, schemes of this type are classified as "C" in the Table of Existing Schemes.

## Bradford Dyers' Association, Ltd.

This company, which employed in 1918 nearly 10,000 persons, voted a sum of £5,000 at the annual general meeting on February 28th, 1912, to be distributed as a bonus on ordinary shares held by employees, so long as they remained in the company's employment. No bonus was to be paid if the dividend on ordinary shares fell below 5 per cent.; but, if the dividend was at or above that rate, the bonus was at the rate of 5 per cent. on holdings not exceeding one thousand £1 shares. (The rate on holdings exceeding one thousand shares was lower.) No individual employee was entitled to register, for the receipt of this bonus, except with the consent of the managers of the fund, shares in excess of the amount of his remuneration for the preceding two years. Supposing, for example, his wages were 25s. a week, i.e., £130 for two years, he could register 130 shares. Facilities were provided for employees to acquire shares up to double the number they could immediately pay for: the arrangement is fully described below.

The bonus was at first dependent on grants voted year by year by the shareholders at the annual general meeting; but in February, 1918, the scheme was put on a permanent footing, and the basis was slightly altered. The bonus is now an amount fluctuating with the rate of dividend on the ordinary shares. If the dividend is under 5 per cent. employee-shareholders get no bonus, but if it is over that rate they receive a bonus at

half the rate of dividend (including bonus-dividends). For example, in respect of the last financial year, when the dividend (including bonus-dividend) on the ordinary shares was  $17\frac{1}{2}$  per cent., employee-shareholders received a total of 26 per cent. on their shares, representing a bonus of  $8\frac{1}{2}$  per cent. in addition to the regular dividend paid to the shareholders

generally.

Shares on the previously existing "Employees' Benefit Fund Register" were to be transferred to the new Register; but in future the maximum initial amount that any employee was entitled to have registered for the receipt of bonus was to be such number as would be equal (at par value) to three-quarters of his average annual remuneration during the three previous years. Any addition to his registered shares in any subsequent year was not to exceed one-fourth of his remuneration in that year; and the maximum amount he might have on the register at any given date was not to exceed the total of his remuneration for the previous five years. The total number of shares that may be registered by all the employees collectively must not, under the rules as they stand at present, exceed 400,000.

Employees receiving £250 a year or less may register either preference or ordinary shares; other employees only ordinary shares. The reason for this special facility for the lower-paid men is explained to be that "many careful and thrifty workmen" are very chary of placing their savings, which may have taken "years to accumulate, in shares where there appears to be con-

"siderable risk of fluctuation in the value."

All employees of three years' service or over are eligible to register shares. The term "employee" is defined as including any person in the sole employment of the company, other than the chairman, the managing director, and members of the executive committee of directors at the date of the resolution.

The shares, both ordinary and preference, are of £1 nominal value; but they can only be entered on the bonus register in

multiples of 10.

All right to the bonus ceases (i) from the date of sale of any shares by an employee who remains in the company's service, or (ii) from the date of termination of employment, by death or otherwise. This, however, is subject to the proviso that, up to a number not exceeding 10 per cent. of the total authorised maximum, shares registered by an employee who retires on or after attaining the age of 65, or from infirmity at an earlier age, may be allowed to remain on the register during the life of the employee or for any less period.

The arrangement under which employees could acquire shares up to double the number they could immediately pay for has been continued. The arrangement is thus explained by the

Association : -

Under the original scheme the sum voted by the shareholders was handed over to Managers, who dealt with it outside the Association, since companies are not allowed to lend money on their own shares. The Managers advanced personally to any employee who requested it a sum sufficient to enable him to

purchase additional shares equal to the number he could pay for. For example, if he could pay for 10 shares he was allowed to buy 20, and deposit the whole 20 with the Managers of the Fund, who advanced the purchase price of 10. The employee could pay off his debt by simply allowing the dividends and bonus (less 5 per cent. interest on the money borrowed) to accumulate, or he could expedite the repayment by adding as much as he pleased out of his own savings. To facilitate this the Association established a Savings Fund, in which employees could deposit sums of not less than 1s., receiving interest at 5 per cent. on each complete £1. The Chairman and the Managing Director of the Company, who are the Managers of the Fund, have decided to continue this arrangement—still, of course, as a personal arrangement, apart from the Association.

At the annual general meeting of shareholders in February, 1918, a sum of £100,000 was voted:—

(i) for the acquisition of shares for presentation to employees who were then serving, or who had served, in H.M. Forces. (These are preference shares; they are entered on the Employees' Bonus Register, and draw the profit-sharing bonus. They cannot be sold without the consent of the Trustees of the "Bradford Dyers' Association Fighting Forces Fund," until five years after the 1st March, 1918.)

(ii) for grants to such employees who were wholly or partially incapacitated, and

(iii) for grants to the widows and other dependants of former employees who had died on service in H.M. Forces.

It should be noted that the shares thus presented were all bought in the ordinary way, at the full market price, and that it was provided that no part of the sum granted was to be invested in any new capital which might be issued. Similarly, all the shares registered by employees for the receipt of bonus have to be bought in the ordinary way, at the market value.

No fewer than 3,600 employees hold shares in the company, to the total nominal value of £295,870, or 5.57 per cent. of the total paid-up capital. The particulars are given below:—

	No. of Employee Share- holders.	Nominal Value of Shares Held.
		£
Soldiers serving, or who have served, in H.M.		
Forces, to whom Preference Shares have been allocated gratuitously	2,820	135,000
Other employees of the Association:	560	145,260
Holding Ordinary Shares	207	12,950
Retired employees holding Ordinary Shares	13	2,660
1 1 hald Drofow	man Share	

None of the retired employees hold Preference Shares.

The company have no separate joint committee for the management of the profit-sharing scheme; but for twenty years they have had an agreement with the trade unions, including a Wages Board. The circumstances under which this agreement was made, and the Wages Board set up, are thus described by the Chairman of the company in his address to the shareholders at the annual general meeting in February, 1919. After referring to the urgent necessity of increased production, he went on:—

"He thought the Association's experience might be helpful in pointing to the lines on which there is hope of arriving at a working arrangement between capital and labour. Before the formation of this Association, strikes in the dyeing trade were epidemical, and the first serious problem which for many weeks engaged the attention of the managing directors, almost to the exclusion of everything else, was the possibility of evolving means whereby they might hope to have freedom from labour troubles.

"They agreed broadly that their attitude to labour should be governed by a real anxiety to understand its ideals, and they determined that they would always consider seriously and examine carefully and impartially any suggestion which the accredited heads of the trade unions might make to them, and meet the same, not by weak compromise and unfaithfulness to sound principles, but by goodwill, sympathy and justice; and, recognising that there were many problems which their workers had an equal right to have a voice in, they determined at the outset on the complete recognition of the trade unions. In August, 1899, only nine months after the formation of the Association, an agreement with the trade unions was entered into which anticipated many of the recommendations in the Whitley Report. Its first two clauses, which reflected its whole spirit, read as follows:-

- "A federation of employers and workmen shall be formed for the protection of their mutual interests.
- "A Wages Board, consisting of an equal number of employers and workmen, shall be formed, its functions being to settle all differences between employers and workmen as to wages, conditions of labour, or any dispute that may arise, provided the parties concerned cannot come to a mutual understanding and agreement."

The objects which the company had in view in introducing the profit-sharing scheme are set forth in an address by the Chairman, as follows:—

"Your directors feel that the reconciliation of the interests of capital and labour will never be secured by wages alone, and that the workmen must be encouraged by the prospect of something more. In our case we have an established method by which our employees may secure a share in our profits. I refer to our Employees' Benefit "Fund, which has proved a great strength to the Association."

"The acquisition and possession of property is a certain means of ensuring respect for it, and the addition of more than 3,000 [now 3,600] of our employees on the register of our shareholders cannot fail to prove a moral impetus and force in the promotion of mutual confidence through mutual interest. Your directors believe that the possession of some share of that we ourselves value cannot fail to create in our employees greater interest in their work, and encourage habits of thrift, diligence, and precision; and we are confident that the holding of such a large stake in the Association by our employees must be productive of immense good."

In a report to the Department in connection with the present enquiry the company say that the scheme is satisfactory both to themselves and to their workpeople. They have not been entirely free from strikes; but the strike had nothing to do with the scheme, and has not altered their opinion as to its value. They believe it has called forth extra zeal from many of their employees, though it is difficult to give specific instances of this. They also think that the tendency will be for employees who hold shares to remain in their employment longer than would otherwise be the case; "but so far, of course, it is mostly the thrifty ones who "have bought shares, and who would have stayed in any case."

## Wm. Cory and Son, Limited.

This is a large firm of coal factors and exporters with a head office in London, and wharves and other establishments at Cardiff, Hull, Newcastle, Erith, Gravesend, Rochester, Liverpool, Avonmouth, Glasgow, Leith, Southampton, Newport, Barry and Birkenhead, and branches or representatives in numerous ports all over the world. They also do business as steamship owners, lightermen, wharfingers, engineers, barge builders and repairers, and railway wagon builders and repairers. Before the war, they had about 2,100 persons in regular employment, in addition to about 600 casual employees; during the war the number declined, the figures for 1918 being about 1,800 permanent employees and a maximum of 600 casual employees, all males.

The company introduced a profit-sharing scheme on the share-holding principle in November, 1913. It is provided in the rules that the shares cannot be sold for more than their nominal value, or to any outside persons, unless the company fail, within six months, to find a purchaser for them. The dividends are substantial, and the shares are therefore intrinsically worth much more than their par value, at which the employees buy them; hence, in the absence of such a rule against sale to outside persons, there would be a temptation to employees to sell their shares and thus defeat the object of the scheme, which is to make the employees co-partners in the undertaking and directly interested in its welfare and economical working.

All applications for purchase or transfer are dealt with by the Cory Thrift Society, a dividend warrant on the total number of employees' shares being made payable to the Society, which distributes the proceeds amongst the various holders. The Society also holds the share certificates. This Society is managed by a committee elected by the members thereof; who must be employees of the company, or their wives. It had over 1,500 members within a year of its starting, and now has 2,400 members, including wives. The members pay in a small sum weekly, and certain benefits are paid in the event of the death of a member, the balance remaining at the end of the year being distributed among the members.

The directors, in introducing the profit-sharing scheme, expressed the hope that employees would use the money thus distributed in purchasing shares; but employees are not, of course, restricted to this sum, and may purchase shares with their other savings. There is no restriction as to the age or length of service of employees before they can participate.

The number of present employees who held shares issued under the scheme on the 1st March, 1919, was 439; and the nominal value of their holdings £20,234. In October, 1918, an issue of ordinary shares was made to ordinary and employee shareholders in the proportion of three shares for every four held. at 30s. per share. In April, 1919, reserve funds representing accretions to capital were capitalised, and bonus ordinary shares were issued, at the rate of two bonus shares for every five ordinary or employee shares held. Both these operations represented considerable benefits to the employee shareholders, in common with the ordinary shareholders. No issue of employees' shares has been made for the years 1917 and 1918, owing to permission not being granted by the Treasury; otherwise it is possible that the number of shareholding employees would have further increased.

# Foster, Sons and Company, Limited.

As an example of special arrangements made with the object of enabling the employees of a profit-sharing firm to acquire by the investment of their bonus not only a financial interest in a business, but also a considerable share in the control of the undertaking, may be cited the case of Foster, Sons and Company, Limited, of Burnley and Padiham, a firm of decorators and furnishers, plasterers, slaters, &c., employing, in 1918, 43 persons.

This business was originally a private firm (William Foster & Sons), and in that form had already introduced a system of Profit-sharing in January, 1900. Under this scheme capital was to receive, in the first place, a fixed rate of interest; while the remaining net profits were to be divided in stated proportions between the firm and its employees, the share of the employees being divisible among them in cash, in proportion to wages earned.

In 1903 the business was turned into a joint-stock company, while at the same time an association was formed of the employees of the new company with the special object of enabling them to

acquire an interest in its capital and a share in the control of its affairs. The title of this society, registered under the Industrial and Provident Societies Act in April, 1903, is "Fosters' Employees, Limited"; and it is stated that most of the employees of Foster, Sons & Co., Limited, joined the society on its formation.

By the articles of association of the company its directors are required to retain 1,000 of its (£1) shares for issue to the Employees' Society. The disposable profits of the company, after providing for the creation and maintenance of a reserve fund, are to be divided in the following manner: -The shares are, in the first place, to receive a dividend for each year at the rate of 5 per cent. per annum, and the remaining profits are to be divided as follows: -One-tenth is to go to the Employees? Society, for its common fund (see below), and four-tenths to the Employees' Society to be applied for the purchase of shares in the company and for the benefit of the employees: as to this four-tenths the company is to declare how much is paid as a bonus on the wages or salary of each employee who is a member of the Employees' Society, and how much is paid as a bonus on the wages or salaries of the non-members of that society collectively, such amounts to be strictly in proportion to the respective wages and salaries paid. Finally, one-fourth is to go to the manager or managers for the time being; and the remaining one-fourth is to be paid to the holders of the ordinary shares as a further dividend.

So far as concerns the share to be taken by the employees in the management of the affairs of the company, it is provided in the first place that the Employees' Society shall be entitled to appoint one delegate for every hundred shares held by it, to attend the general meetings, and to speak thereat, but one only of such delegates shall be its proxy to vote thereat; and, in the next place, that the employees shall be represented on the Board of

Directors in the following manner: -

The number of Directors is to be not less than three nor more than five, and the first Directors are to be Mr. Thomas Foster and Mr. John Foster (the partners in the former firm of William Foster & Sons), and a third person appointed by them. So long as Messrs. Thomas and John Foster shall together hold one-half of the share capital of the company for the time being issued and are willing to serve, they shall continue to be directors. The Employees' Society shall be entitled to appoint one of its members (whether himself a shareholder in the company or not) a director of the company whenever it holds at least one-tenth of the share capital of the company for the time being issued, and one more when it holds one-fifth. In the last case the total number of directors shall be five. Subject to the provisions last stated, the directors may appoint additional directors, but so that the total number of directors shall not exceed the maximum above specified.

<sup>\*</sup> Provision is made for the making up of any deficiency on the dividend for the preceding year.

The special objects of the Employees' Society are declared by its rules\* to be to deal in the shares and debentures of Foster. Sons and Company, Limited. Subject to the provisions stated below as to the common fund, all sums received by the Society under arrangements of that company for sharing profits with its employees are to be treated as capital and invested in the manner stated below and credited in the books of the Society as follows:—

(1) Each member of the Society is to be credited with the amount declared by the company to be paid as bonus on his wages or salary, and, whenever there is a sufficient sum standing to his credit, enough shall be transferred to his share account to create a fully paid-up share in the Society.

(2) The bonus on wages of non-members of the Society is to be credited collectively to a non-members' provident fund, to be administered as a trust for the benefit of those employees of the company who are not members of the Society, or their wives, children, or widows, or

persons dependent on them.

(3) The sums declared by the company to be paid for the credit of the common fund are to be applied for educational, social, provident, propagandist and other purposes for the benefits of the members of the Society or their wives, children, widows, or persons dependent on them.

The capital of the Society is to be invested in fully paid-up shares in the company, so long as such shares can be acquired, by allotment, at par. Thereafter the committee of the Society are, if authorised by a general meeting, to invest any further capital in the purchase at the market price of additional shares or debentures in the company.

If any balance-sheet of the Society would otherwise show a deficit in capital account, the amount of such defict shall be written off the reserve fund, and failing that off the common fund.

The profit and loss of the Society is to be calculated annually, and at the same time its investments are to be valued by the committee. Any deficiency in the value so set upon these investments as compared with their normal value is to be treated as a loss by the Society for that year, and any surplus above such nominal value is to be put to reserve fund until such fund equals one-fourth of the nominal value of the Society's investments for the time being; and any further surplus is to be treated as profit for the year.

Out of the profits of the Society share capital shall in the first place receive interest at the rate of 5 per cent. per annum, whenever the profits suffice to pay such dividend, after extinguishing any adverse balance and providing for reduction of

<sup>\*</sup> The Rules of the Employees' Society consist of "General Rules for an Industrial and Provident Productive Society," published by the Labour Co-partnership Association (6, Bloomsbury Square, London, W.C.), modified in the "Special Rules" of this Society

preliminary expenses and paying any subscriptions due to cooperative propagandist associations. Any surplus profit is to be applied as follows:—

"(1) In paying the employees of the Society a dividend upon the wages or salaries received from the Society during the year at the same rate as the dividend on wages declared by the company for the period in

question.

"(2) If any surplus still remains, in forming a reserve fund, until such fund shall equal 25 per cent. of the nominal value of the Society's investments for the time being. Such fund shall be applicable by resolution of any general meeting on a recommendation of the committee to meet any contingency affecting the Society or for any other purpose, whether within the objects of the Society or not, other than the payment of interest on shares, provided that notice of every such recommendation be given to every member not less than six clear days before such meeting.

"(3) If any surplus still remains, in paying any arrears of interest on shares which in any previous year have not received 5 per cent., the oldest of such arrears to

be paid first.

"(4) If any surplus still remains, in paying the committee for their services according to any scale from time to time approved by the general meetings; and

"(5) If any surplus still remains, in paying in cash a

further dividend on shares for the year."

Out of the total subscribed capital of the company (3,479 shares of £1 each) 749 shares are owned by the Employees' Society. These shares entitle the Society to one-fifth of all the votes that can be given at a general meeting of shareholders of that company; and out of the five directors of the company two are employees, appointed by the Employees' Society.

Mr. Thos. Foster, in reporting upon the scheme in connection with the present enquiry, states that the building trade in Burnley and district was very bad for some years before the war, and no bonus was paid. During the war it was deemed desirable to retain all surpluses over the 5 per cent. dividend to guard against contingencies, owing to the extremely uncertain position.

The number of the company's employees who belong to "Fosters' Employees, Limited," fell to 18 in 1918, partly owing to the large number of employees who had left on account of the war, and partly owing to a general loss of interest in the scheme. The management and the Employees' Society are, however, taking steps to increase the membership of the Society, so as to include all who are regarded as permanent employees; and the response, Mr. Foster says, is gratifying. He adds that, though the scheme has not hitherto had quite so much effect as was hoped, the company still believe the scheme to be excellent, and expect that, before the end of the current year (1919), it will have the enthusiastic co-operation of most employees.

#### Hazell, Watson and Viney, Limited.

In May, 1886, Messrs. Hazell, Watson and Viney, Limited printers and bookbinders, of London and Aylesbury, a firm now employing between 1,400 and 1,450 persons,\* brought forward a scheme of Profit-sharing under which they proposed to allot by way of bonus to all persons who had been employed by them for more than three years, one-half of any profits that might be made over 10 per cent. One-half of the bonus was to be paid in cash in proportion to wages earned, the other half being added to a provident fund, to which the employees pay weekly contributions, which have been supplemented by large donations from the company. This fund provides sums payable at death, and grants during exceptional illness or calamity, and a limited number (at present 26) of pensions of 10s. a week to members over 60 years of age. The interest of an employee in the provident fund cannot be assigned or taken by creditors. Provision is made for enabling an employee who leaves the firm to receive two-thirds of his subscriptions to this fund without interest. The amounts which accrued to the employees under this profit-sharing scheme, taking the bonus paid in the years 1887-93 inclusive, were equivalent to an average addition to the wages of participants of 0.8 per cent.

In 1890 the firm made an arrangement by which employees were allowed to buy £10 shares in the company at about three-quarters of their market value, by weekly instalments of 1s. each. The employee at once received the full dividend, and if he died before all the instalments were paid, his representative took the shares without further charge as fully paid-up.

The profit-sharing scheme (apart from the arrangement for the purchase of shares by employees) was discontinued in 1895, on the ground, as stated by the company, that the profits had not for some time allowed the payment of bonus. But the share-purchase arrangements have been continued, under terms varying from time to time, but, speaking generally, of a similar character to those above described; and in all cases the shares have been allotted to the employees at about three-fourths of their market value. Under these share-purchase schemes it is provided that, "in order to ensure that the shares shall be "held by those employed in the business," the following restrictions shall be imposed as to the re-sale of them:—

"(9) Shareholders leaving the company when under 50 years of age.—Any shareholder who leaves the company from any cause whatever before reaching the age of 50 shall be bound to offer his (or her) shares for re-sale at the price paid for them (i.e., £10 each) to some other employee of the company. If any descendant of the shareholder so leaving shall be in the employment of the company the shares may be transferred to him. If the shareholder has no descendant in the employ of the company, then he shall give the directors notice of his

<sup>\*</sup> Including those serving with the Colours.

intention to sell his shares. It shall be the duty of the directors to find an employee or some other person to purchase the shares at £10 each. If the directors fail to find a purchaser in one month from the date of such notice, then the shareholder shall be at liberty to retain his shares or to sell them in the open market at the best price obtainable.

"The same conditions shall apply to any shareholder who wishes to sell these shares while remaining in the

company's employment.

"(10) Shareholders leaving the company when over 50 years of age .- Shareholders who have attained the age of 50 before leaving the company's employment shall have the privilege of retaining possession of their shares

for life, and after their death clause 12 shall apply.

"(11) Shareholders dying before all instalments are paid.—If the purchaser dies after he has paid his first instalment, and before his purchase is completed, all further liability as to instalments on his shares shall cease, and the shares become the property of his heirs, to be dealt with in exactly the same way as shares of shareholders dying after paying all their instalments, . and in the same manner as described in the next paragraph.

(12) Shareholders dying after paying all their instalments.-Upon the shareholder's death, at any age, the shares may be held by his widow, if she so desire, during her lifetime. At her death the shares must be trans-

ferred, as described in paragraph 9."

Not more than five shares are to be allotted to any one employee on the special terms described above, and in allotting such shares "preference will be given to those who have been "longest in the company's employ, and to any who may have bought shares at a higher price" (than £10 each).

The total nominal value of the shares now held by 345 of the company's employees is £17,200. These shares, it should be understood, entitle the holders to the ordinary voting rights; and the proportion borne by the votes of these employees to the total of all the votes that could be given at a general meeting is approximately 6 per cent.

The company's employees are allowed to deposit their savings with the firm at 4 per cent. per annum (free of income tax), these deposits being secured by £17.200 5 per cent. first mortgage debentures of the company, the market value of which is par, and by other Stock Exchange investments whose present value is £5,171. The present number of depositors is 1.272.

and the total amount on deposit £21,010.

The provident fund (referred to above) possessed at June 30th. 1918, a capital of £18,164, and had a membership of 691. This fund is invested mainly outside the company; but there are held on its account 237 £10 5 per cent. cumulative preference shares of the company, 14 of the company's 5 per cent. mortgage debentures, and 33 of its ordinary shares, besides £1.300 on deposit with the company. Any member of the provident fund who is making an effort to save, and who sees that a loan of a moderate amount will help him in this direction, is eligible for a loan from the company, to be repaid by instal. ments spread over several years, with interest at 4 per cent, per annum. Loans are granted upon condition that they are used for some purpose of thrift, such as buying a house, buying shares in the company, or in some way increasing the applicant's To qualify for a loan, borrowers must be able to produce evidence of having already made some savings, and they must be able to give reasonable security, which, however involves the borrower in no legal costs. By adding to the loan a sum equal to the insurance risk the borrower is able to secure that, in the event of his death while the loan is running, his representatives have nothing to pay, and the house, or whatever property the loan has purchased, becomes his free of further charge. Eighty-five loans have been made, amounting to £18,100, of which £15,200 has been repaid. The borrower can repay at any time; but the company cannot call in the loan before the termination of the agreed period, even if the borrower leaves the company's service.

In addition to the provident fund there is also a pension fund, which was established in 1910 with the view of enabling members of the office and administrative staff with earnings of at least 40s. a week (25s. in the case of women) to make substantial savings on their own account. The money paid in by the members, who were 64 in number at December 31st, 1918, accumulates at 4 per cent. compound interest; and each year the company pays into the fund a sum sufficient to provide a 50 per cent. bonus on the members' savings. Of the £8,725 to the credit of this fund on December 31st, 1918, the

greater part was invested outside the firm's business.

The company contribute a large sum annually in various other ways for the advantage of the whole staff. These contributions amount to aver 65,000 annually

tions amount to over £5,000 annually.

With respect to the results obtained by the arrangements above described, the company state:—"We continue to find beneficial results from the workers' investments, and it is our intention on a future occasion to increase the amount of workers' shares, which will be available at less than the market price."

## Lever Brothers, Limited.

Lord Leverhulme, the chairman of this well-known soap manufacturing company, introduced a co-partnership scheme in 1909. It has since been amended several times, and the account here given is based on the scheme as it stood in August, 1919.\*

The company's articles of association provide that, after payment of preference dividends and a dividend of 5 per cent. upon the ordinary shares (all of which are held by Lord Leverhulme or by members of his family), any further sums proposed to be distributed by way of dividend are to be applied in the payment,

<sup>\*</sup> At the time of going to press with this Report (January, 1920), certain changes in the scheme were under consideration.

to the trustees of the "Co-partnership Trust," of a dividend at the rate of 5 per cent. per annum upon the "preferential certificates" of the Trust: the surplus profits are then divided between the holders of ordinary shares of the company and the trustees of the "Co-partnership Trust" in proportion to the total amount paid-up for the time being on the issued ordinary shares of the company and the total nominal amount of (a) " partnership certificates" then issued and outstanding, and (b) 5 per cent. cumulative preferred ordinary shares for the time being standing in the names of the holders of the partnership certifi-

The certificates (partnership and preferential) are for £1 or a multiple of £1, and are to be issued from time to time as required by the scheme; but in no case are partnership certificates for a nominal amount exceeding £1,000,000 to be at any one time issued and outstanding, except with the consent in writing of "the holder of the majority shares of the company," i.e., the registered holder or holders of all the issued ordinary shares of the company, or such holder of ordinary shares as shall be nominated in writing by the holder or holders of at least three-fourths of the then issued ordinary shares, to exercise the powers conferred upon "the holder of the majority shares of the company." Such holder shall at any time or times be at liberty to require that any further issue of partnership certificates shall be stopped, either permanently or for such period or periods as he shall think fit.

The trustees are to be the directors, for the time being, of the company (other than Lord Leverhulme or the Hon. W. Hulme Lever) or such of them as are willing to act. It is expressely declared that the trust deed shall not be construed as creating a partnership in law between the company and any person

interested under the scheme.

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The conditions upon which partnership and preferential certificates may be issued are stated in the scheme in the following terms:-

"2. Every director of any length of service and/or age, "and every employee who shall be not less than 22 years " of age, be of good character, and shall have a clear record "of at least four years' faithful and loyal service with the "company, or any of the associated companies, or the chair-"man of the company's directors, or the Hon. W. Hulme "Lever, and who shall agree to be bound by the provisions "of the trust deed and the scheme, and also undertakes not "to waste time, labour, materials, or money in the discharge "of his duties to the company, but to loyally and faithfully, "further the interests of the company, its associated com-"panies, and his co-partners, to the best of his skill and "ability, may, subject to such provisions, have issued to "him from time to time partnership certificates upon the "terms hereinafter mentioned. Provided that the holder of "the majority shares of the company shall, if he so think "fit, be entitled to cause certificates to be issued to any "director or employee whether or not he shall comply with "all or any of the provisions of this clause, and the trustees shall issue certificates accordingly, when requested in writing by the holder of the majority shares of the company so to do.

"3. Anw partnership certificates which may be issued under the scheme shall, subject to the limits stated below, be issued on or as soon as conveniently may be after the 1st January in each year. And in any subsequent years further partnership certificates may, subject as aforewaid, be issued to any director or employee.

"4. The issue to a director shall be made in accordance with the directions of the holder of the majority shares of the company, who shall determine whether the director is qualified to receive a partnership certificate, and if so the nominal amount, within the limits mentioned below, of the certificate which is to be issued to him. A director shall be entitled to receive and hold for his own benefit, subject to the provisions of the scheme, certificates, whether partnership or preferential, notwithstanding that he may be a trustee of the trust deed.

"5. The employees admitted to receive partnership certi-"ficates and the nominal amount of their certificates shall, "in the first instance, be determined by the trustees, who, "in the case of any employee, may, if they think fit, and "shall, if requested in writing, within such time as the "trustees shall in the circumstance of each case think "reasonable, by the employee so to do, refer his case to "the committee" for consideration and for a report whether "the employee is qualified, and if so, what is the nominal "amount of the certificate which, in the committee's opinion, "he ought to receive. After receipt of the report, the "trustees shall consider it and all the circumstances of the "case, and shall finally decide whether the employee is "entitled to the issue to him of a partnership certificate, and "if so, for what nominal amount, which, however, shall not "exceed the limits stated below. Notice of the decision shall be given to the employee, who shall be entitled at "any time within one calendar month, or in the case of an "employee in the service of the company or an associated "company, and for the time being resident out of the United "Kingdom, within three calendar months or such further "time as the trustees may think fit, of the giving of such "notice to appeal from the decision of the trustees to the "holder of the majority shares of the company. "holder may, if he thinks fit, hear the trustees and the em-"ployee, and call for any evidence he deems desirable on "such appeal, and his decision shall be final and bind-

"6. The trustees shall from time to time issue to every person qualified to receive the same, partnership certificates in accordance with the foregoing provisions.

<sup>\*</sup> For constitution and functions of this Committee, see below, pp. 83-4.

Clauses 7-9 lay down the limits of the nominal amount of "partnership certificates" which a director or employee may receive, according to his rank and salary.

Clause 10 lays down the conditions under which "partner-ship certificates" may be cancelled, as follows:—

- "10. The partnership certificates held by any director or employee shall be cancelled:—
  - "(i) In the case of a director, if he shall in the "opinion of the holder of the majority shares of the "company, or in the case of an employee, if he shall "in the opinion of the trustees, be guilty of neglect " of duty, dishonesty, intemperance, immorality, wilful " misconduct, flagrant inefficiency, disloyalty to his " employers, or breach of his undertaking not to waste "time, labour, materials, or money in the discharge of his duties, but to loyally and faithfully further "the interests of the company and its associated com-" panies to the best of his skill and ability, and whether or not he shall resign or be discharged from his em-" ployment in consequence thereof. . . . . employee whom the trustees shall consider guilty, " or the widow of such employee, shall be entitled to "have his case considered by the committee before " being finally dealt with by the trustees, and any such "employee or widow may appeal from the decision of "the trustees to the holder of the majority shares of "the company, whose decision shall be final and binding. "The procedure specified in clause 5 hereof, as to the " reference to the committee, the decision of the trustees. "and the appeal therefrom, shall, so far as applicable, "be followed in any proceeding under this sub-clause.
  - "(ii) If the employment of a director or employee shall cease, if a man before he attains the age of 65 years, or if a woman before she attains the age of 60 years, by voluntary retirement or resignation and not owing to permanent incapacity to work caused by "ill-health.

"(iii) If the director or employee, being a man, shall attain the age of 65 years, or being a woman shall attain the age of 60 years, and shall retire, whether upon his or her own initiative or upon the request of the company or an associated company.

"(iv) If the director or employee shall die or shall "from any other cause, save those hereinbefore speci-"fied in this clause, cease to be a director or employee.

"(v) If during the life of the director or employee any act or event shall happen whereby the partnership certificates held by him under the scheme, if belonging absolutely to him, would become vested in or charged in favour of some other person or corporation.

The "preferential certificates" referred to above are issued on the conversion of partnership certificates, as will be seen from Clause 11, quoted below. It is explained, however, that the granting of these pensions does not interfere in any way with the Company's old age pension scheme, under "Lever Brothers' Employees' Benefit Fund."

"11. In the event of the employment of a director or "employee ceasing for any cause other than those specified "in sub-clauses (i) and (ii) of the last preceding clause, or "in the event of such director or employee dying leaving a "widow, then such former director, employee, or widow "(as the case may be) shall, subject as hereinafter mentioned. "be entitled to receive from the trustees a Preferential "Certificate in exchange for the Partnership Certificates "held by such former director or employee at the time of "the termination of his employment . . . The nominal "amount of a Preferential Certificate to be issued in accord-"ance with this clause shall be either ten times the average "dividends paid in respect of the former director or em-"ployee's Partnership Certificates during the three preced-"ing years, or the same nominal amount as that of the " Partnership Certificate so exchanged, whichever shall be "the lesser. In the event of the death of any holder of a " Preferential Certificate, leaving a widow, such widow shall "be entitled to have issued to her, and to retain during "widowhood, a fresh Preferential Certificate of the same " nominal amount, and subject to the same conditions as "that held by such deceased holder. Nothing in this clause "shall be deemed to entitle the legal personal representative "of any deceased director or employee to receive a Pre-"ferential Certificate."

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"Preferential certificates" may also be issued to the trustees for the support of institutions which serve the needs of the Company's employees, such as churches, schools, clubs, or parks, or for the granting of scholarships to employees' children.

Clause 12 deals with the cancellation of "preferential certificates," as follows:—

"12. A Preferential Certificate, or the right to a Pre-"ferential Certificate, shall cease and be cancelled:—

"(i) if the holder thereof shall die;

"(ii) if the holder thereof, being a former director or employee, shall enter into any employment or business without the previous consent in writing of the trustees;

"(iii) if the holder thereof, being the widow of a "director or employee, shall marry again;

"(iv) if any act or event shall happen whereby the "Preferential Certificate, if belonging absolutely to the person to whom it is issued, would become vested in or charged in favour of some other person or a corporation;

"(v) if the holder thereof shall, in the opinion of the holder of the majority shares of the company, be "guilty of dishonesty, intemperance, immorality, or

" misconduct.

"The words 'the holder thereof' where contained in this clause shall mean and include the holder of a Preferential Certificate or any person claiming the right to a Preferential Certificate, as the case may be."

In July, 1909, 1,041 employees of Lever Brothers, Limited, including directors, managers, salesmen, travellers, advertising managers, clerks, workmen, labourers and others, who had qualified under the terms of this scheme, were handed Certificates (Partnership and Preferential) of the nominal capital value of £113,650. The scheme was made retrospective, so that any employee who was 25 years of age in 1901 and had five years' service or more at that date was eligible to receive certificates for eight years; and, of the total number of certificates then issued, 303 were retrospective for eight years or over, and 738 retrospective for periods varying from one to seven years (average, 3.7 years).

The dividends on the partnership certificates were originally credited to the persons entitled to receive them in a savings bank account; they are now paid in the form of 5 per cent. cumulative preferred ordinary shares, which the holder can sell at any time for cash at par value, if he so desires; but, so long as the shares are held by the co-partner to whom they were originally allotted, they also participate further in profits, to the extent that they yield to him the same rate of interest as

that enjoyed by the ordinary shareholder.

Committee.—In connection with the working of the scheme there is established a committee consisting of three persons nominated by the persons constituting the management class, three nominated by the persons constituting the salesman class, three nominated by the persons constituting the staff class, and three nominated by the holders (if any) of the preferential certificates for the time being outstanding. No person not ordinarily resident in the United Kingdom is eligible for election as a member of the committee.

No resolution of the committee is to be deemed to have been carried unless supported not only by a majority of the members of the committee, voting individually upon the resolution, but also by a majority of the different sections of the committee represented and voting at the meeting; and for this purpose each section of three members is to be deemed to be entitled to one vote, which shall be given in accordance with the direction of a majority of the members of that section present at the meeting: and, unless there is such a majority, the vote of that section is not to be counted.

The committee elects a chairman, and such chairman, if the voting of the members of the committee be equal, or if the voting of the sections of the committee be equal, is to have a

casting vote.

The Company thus explain the method of allotting partner. ship certificates: -

"The management provisionally allot certificates to the staff, but co-partners have the right of appeal to a committee composed jointly of staff and managers. The system of allotment is based on value of service, with special allotments for special services and helpful suggestions. The final appeal can be made to the Chairman of the company, should any co-partner or employee feel that he has been overlooked or unfairly dealt with.

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"Once admitted, and so long as their record is clean, "co-partners receive further certificates each year on the above basis in proportion to wages or salary, until they have reached their maximum holding, which ranges from £200 to £3,000 according to their annual earnings.

"So long as an employee is in the active service of the "firm he cannot (except for flagrant inefficiency or mis" conduct) be deprived of the partnership certificates already "issued to him and the annual interest which may be "payable on those certificates. The conditions can only be "varied by the consent of the holders of not less than three-"fourths of the total nominal amount of the certificates "issued."

The following table shows the number of co-partners in each of the years ended the 31st December, 1914, 1915, 1916, and 1917, respectively:—

			1914.	1915.	1916.	1917.
Port Sunlight Associated Companies :—	•••		2,308	2,939	3,047	3,542
		•••	617 495	647 672	1,044 830	1,381 960
TOTAL			3,420	4,258	4,921	5,883

The number of co-partners on the 1st January, 1919, was 6,068, and on the 11th December in the same year, 6,990. The increase in numbers and in certificates is, of course, partly due to the successive admission of employees of associated companies.

The total number of employees at Port Sunlight (including the offices of the company in Liverpool) was 8,833 in January, 1918. It will be seen, therefore, that about 40 per cent. of the total number of employees at Port Sunlight were co-partners in 1918.

Holders of preferential certificates, who are retired co-partners and widows of former co-partners, numbered 201 in December, 1918, distributed over the whole co-partnership.

Co-partners serving with the Colours have continued to have partnership certificates issued to them, and the co-partners dividends due on their accumulated holdings of certificates have been regularly paid to them.

The co-partnership dividends paid on the 1st January, 1918, in respect of the year 1917, amounted to £119,827, including dividends on preferential and on partnership certificates and on the 5 per cent. cumulative preferred ordinary shares. Those paid in January, 1919, in respect of the year 1918, amounted to £206,143, an average of over £35 a head. In the ten completed years of the co-partnership there has been distributed for the benefit of the employees, in partnership dividends and in "prosperity-sharing" generally, no less than £705,685.

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The nominal value of partnership and preferential certificates issued and outstanding has more than doubled in four years, the figures being:—

			£
1st January	, 1915	 	 442,695
,,	1916	 	 509,213
,,	1917	 	 610,213
,,	1918	 	 751,536
,,	1919	 	 928,833

The total nominal amount of 5 per cent. cumulative Preferred Ordinary Shares issued and outstanding on the 1st January, 1919, was £417,378 5s. These shares confer voting rights on the holders, one vote for every 40 five-shilling shares. The shares so held by employees represent about  $2\frac{1}{2}$  per cent. of the total capital of the company issued and taken up at that date. It should be noted that employees are perfectly at liberty to sell these shares at any time, and some in fact do so; otherwise the amount of shares held by employees would no doubt be greater.

Although none of the directors are expressly nominated to sit on the Board as representatives of the employees, it is stated that all the directors and deputy-directors, with a few exceptions, have in fact been in the company's service for many years as employees, some of them from boyhood.

Although the business was only started in January, 1886, no less than 154 employees have completed twenty-five years' service with the firm, while a further 1,281 have completed fifteen years' service.

# London County Westminster and Parr's Bank, Ltd.

In February, 1919, this company set aside part of a new issue of shares for distribution to those of their staff who had been in their service for twelve months or more, service in H.M. Forces counting for this purpose as service with the company. The sum set aside for this purpose out of profits was £140,000, which was appropriated in paying up the capital on the required number of £1 shares, and in adding £1 to reserve for each £1 share so issued. Employees were entitled to receive one £1 share for each £20 of annual salary. The shares thus issued form part of a new issue of shares which rank rateably for dividend up to 12½ per cent. on the total paid-up capital, but have no right to participate in any dividend beyond 12½ per cent.

The number of shares thus issued was 66,536. Shares were issued to employees still serving in H.M. Forces, as well as to those who had returned to, or had not left, the company's service. The shares carry the ordinary rights of voting at share holders' meetings, and there is no restriction on their sale to outsiders.

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## J., T. and J. Taylor, Limited.

This is an old-established firm of woollen cloth manufacturers, who employed, in 1918, about 1,850 workpeople (900 men and boys, and 950 women and girls), without counting those serving with the forces, 440 in number.

The profit-sharing scheme was inaugurated by Mr. T. C. Taylor in 1892, on his becoming sole partner in the business. At first it was confined to managers and foremen, but in 1896 Mr. Taylor extended it to the whole of the employees, turning the business into a limited liability company to facilitate this. In order to give the scheme a good start, a bonus (not on a profit-sharing basis) was given in respect of the year 1895.

The scheme was amended in 1909, and in its present form provides that, after making due allowance for depreciation, any profit which may remain after paying 5 per cent. on capital is apportioned between capital and labour according to their respective amounts. That is to say, any percentage of profit received by capital beyond 5 per cent. is also declared on the year's total wages, and every worker who has been employed during the whole of the year is credited with bonus at not less than that rate on his or her year's wages. Double bonus is given to those not less than 21 years of age who have been with the company at least five years and own shares equal to half a year's wages.

The bonus on wages is not given in cash, but in the form of fully-paid shares in the company. The shares thus allotted entitle the holder in the following year to payment in cash of any dividend that may be declared. Such portion of the total wages paid as has been earned by workers who have not remained the whole year does not confer bonus on those individuals, but, nevertheless, the whole wages paid during the year rank along with capital for bonus, the amount unappropriated to individuals being carried to a special fund called the Workers' Benefit Fund.

During the war the requirement of a whole year's continuous service was relaxed, and employees were considered as qualifying for bonus who joined the firm not later than the 30th June and remained until the end of the year. The requirement of twelve months' employment has now, however, been restored.

Another departure from the regular operation of the scheme during the war has been the payment of the bonus above 5 per cent. in Exchequer Bonds or War Loan. The bonus for each of these years (1915-18) has been 12½ per cent. (25 per cent. to those not less than 21 years of age who have been with the company

at least five years, and own shares equal to half a year's wages); 5 per cent. was paid in shares, and the remainder (7½ per cent. or 20 per cent., as the case might be) in 5 per cent. Exchequer Bonds or 5 per cent. War Loan.

The bonus shares do not carry votes, but they entitle the owner to the same rate of dividend as any other shareholder, and, in case of winding up the company, to share at the same rate in the assets. The shares can only be held by employees of the company. An employee must have a holding equal to his year's wages before he may sell any of his shares. He may then, if he wish, sell any surplus beyond that holding. Persons leaving the Company's employment are required to sell their shares within six months, but to prevent employees leaving simply to get hold of the money, the company do not undertake to transfer shares until three months after the holder has left.

Including two years in which there were no profits, the bonus, up to the end of 1918, has averaged 10\(^3\) per cent. and the dividend on capital 12 per cent. The total amount paid to the workers in bonus, and in dividends on their shares, has been over £330,000. The workers now own well over half the capital, and receive three-quarters of the profits. In individual cases the bonus is a very substantial sum; thus, a case is quoted of a man who had worked for the Company for twenty years, and had averaged about £5 a week during that time. "To-day "he is receiving about £5 a week. Adding together the labour bonus given him in shares and the dividend thereon, we find "that, for twenty years, the average addition to his income has been £31 9s. 6d. a year, or 12s. 1d. per week. The addition to his income for last year is £93 6s. 6d., or nearly £1 16s. a "week extra to wages."

Men who have been absent on war service have been reckoned as qualified for bonus on the full-time basis wages they were earning when they joined the Forces.

The Company have lately formed a Co-partnership Committee, as a means of consulting the workpeople, through their representatives, on various matters affecting their comfort and welfare. The committee consists of the six directors, the secretary, ten representatives of the staff, ten elected by the foremen, and ten by the remaining workpeople. The Company already had an education committee to superintend the education of the younger workers (under 16): ninety-eight of these are now attending continuation classes in the day-time. A series of sub-committees have also been set up to consider and deal with such questions as canteens, the safety and welfare of the employees, and the development of the Company's building estate.

The Company are satisfied with the scheme, and believe that it has given satisfaction to the workpeople also. It has, in their opinion, undoubtedly promoted harmonious relations between them and their workpeople, has called forth extra zeal from the latter, and tended to lengthen the average period during which they remain in the Company's employment.

#### Wilkin and Sons, Limited.

This company are fruit growers and jam manufacturers, having nine farms and a factory at Tiptree, Essex, and in neighbouring villages. They employ from 220 to 320 workpeople, viz., men, 120 to 150; boys, 30 to 50; women and girls, 70 to 120. Fruit pickers (about 700), whose labour is seasonal, and for quite short periods, are excluded from these totals.

The company have paid a bonus to their employees since 1898: but, except in the case of foremen, this was not at first on a strictly profit-sharing basis, the bonus to ordinary employees being such sum as the company thought fit. The bonus was paid to employees both on the farms and in the factory, but, until the year 1912, the profits of the two departments were calculated separately, and in some years a bonus was paid in one department and not in the other. From 1912 onwards, however, the bonus was based on the results of the whole business. scheme came to an end in 1917, being superseded by the pension scheme, on a profit-sharing basis, referred to below. At the present time the company have this pension scheme in operation and also a shareholding scheme, which will be described first as being first in order of date. It is to the pension scheme, however, that the company attach by far the most importance.

Scheme No. 1.—In March, 1910, the company introduced a scheme whereby employees were enabled to become owners of special shares, called "Employees' Preference Shares." These formed part of the company's authorised, but unissued, capital; each £10 share, however, being divided into ten £1 shares to facilitate their purchase by employees. Employees' preference shares may be held only by (i) persons in the employ of the company, or (ii) employees who have retired on a pension, or (iii) persons specially authorised by the directors. This last term includes any club, society or fund designated to hold such shares. The term "employee" includes any officer, manager, foreman, clerk, or workman in the employ of the company. Provision is made to prevent holders of employees' preference shares from selling their shares without the consent of the directors, and then (unless the directors are unable to find a purchaser) only to such person as the directors may designate. In any case they cannot be sold to an outsider, or, if held by any such person, they carry no dividend.

The shares are under the control of the directors, "who may "allot or otherwise dispose of the same to such persons, at "such times, and on such terms, as the directors may think fit; and the directors may accept payment for such shares by "instalments, or in any other way they may think fit."

The shares carry the same cumulative preferential dividend of 5 per cent. as the company's other preference shares; "and "in addition, whenever in any year the reserve fund shall exceed "£5,000, the holders of employees' preference shares shall be "entitled to a further 2 per cent., making 7 per cent. for the year; and whenever in any year the reserve fund shall amount to £8,000, then to an additional 1 per cent., making 8 per cent.

"for the year." The term "reserve fund" is defined as "the "total balance of undivided profit left over at the close of any year, after providing for the dividends on the preference, "ordinary, and employees' preference shares for that year." The value of employees' preference shares held in February, 1919, was £1,000.

Scheme No. 2.—On the 23rd June, 1917, the company established a Trust,\* called the "Wilkin Provident Trust," for the purpose of providing pensions and retiring allowances to employees or their widows and for other benevolent purposes. The funds of this trust consist of the employees' half-share of the divisible profits of the company, i.e., half of "the amount (if "any) by which the balance of the profit and loss account of the "company for each year . . . shall exceed the amount required "to pay 6 per cent. on the capital employed," after making provision for all charges accrued, including the share of the profits payable to directors and to the employees, and for rates and taxes, depreciation, &c. If the profits in any year are insufficient to pay 6 per cent. on the capital, the loss is carried forward, and deducted from the profits of the next or any subsequent year in which any divisible profit is available, before the half-share payable to the trustees is calculated.

The company issues three classes of certificates, viz., pension certificates, retiring certificates, and special certificates. "Pension" certificates are intended to provide pensions at the age of 65; "retiring" certificates provide a lump sum on retirement; while "special" certificates are issued "on any other terms and condi"tions which may be expressed therein." Pensions are payable to the widows of male holders of certificates who die before reaching the age of 65, or to female holders of certificates whose husbands have died. Provision is made for the cases of men (i) retiring before reaching the age of 65, or (ii) desiring to remain in the company's service after reaching the age of 65.

In certain circumstances a certificate may be cancelled or forfeited, e.g., in the case of a man dying before reaching the age of 65, and leaving no widow, or in the case of an employee dismissed for misconduct. In such cases the surrender value of the certificate is paid into a common fund, called the Employees' Benevolent Fund, which is applied—

(i) to the maintenance and education of the necessitous orphan children of deceased certificate holders;

(ii) to the assistance of necessitous widows of deceased pensioners;

(iii) to the relief of the necessitous mother of any deceased certificate holder who was formerly supported by such holder:

<sup>\*</sup> The Trust Deed establishing this Trust is a document of eight large pages, containing 26 articles and two schedules; one of the schedules contains 23 clauses. There is also a supplementary Trust Deed, dated 15th June, 1918, of three large pages. This indicates the great elaboration of some of the modern schemes, and the care taken to give them legal form. Similarly, the new shareholding scheme of Spillers Milling and Associated Industries, Ltd., is also contained in a Trust Deed, which is nearly as detailed as Messrs. Wilkin's.

(iv) to the relief of any necessitous employee or former employee of the company;

(v) in payment of subscriptions to hospitals, convalescent

homes, &c.;

(vi) in any other manner approved by the directors of the

company.

The sum of £1,743 was paid under the Trust Deed in respect of the year ended the 31st December, 1916, and the sum of £2,423 in respect of 1917. The number of holders of pension certificates is rather over 100.

The company also receive sums on deposit from employees, on which 5 per cent. interest is allowed. The total amount so

deposited amounts to £700.

The company report that their profit-sharing schemes have given satisfaction to themselves and to their employees; that they have called forth extra zeal from the employees, promoted harmonious relations between employers and workpeople, and lengthened the average period during which their workpeople remain in their employment. They have never had any strike.

#### Firm No. 39.

A firm of paper merchants have had in force, since 1902, a shareholding scheme, under which nearly half the entire capital may be allotted to the employees. There is no restriction as to length of service, nor as to the number of shares which any

individual employee may hold.

The shares are £1 shares, and are issued at their nominal value. The shares carry no right of voting or of being present, personally or by proxy, at meetings of the company. Holders of employee shares (which are known as "B" ordinary shares) are, however, entitled to see a certificate from the auditor declaring the dividend for the year on the "B" shares, which is, in fact, always at the same rate as on the "A" ordinary shares.

Employees may pay for their shares in such amounts as they please, with this restriction only, that, when making a payment, they must pay the whole nominal amount of one or more shares. If, for example, a man has applied for 40 shares, and is in a position to pay £5 immediately, he must apply this in paying for five shares in full, and not in paying half-a-crown on each

of his 40 shares.

The whole dividend is paid on the entire amount of shares allotted, whether fully paid up or not, subject to a charge of 5 per cent. on the amount not paid up. At least half the dividend, however, must be applied in paying up shares which are not fully paid up. In the case imagined above, for example, supposing the dividend was at the rate of 15 per cent., the total amount of dividend would obviously be £6. From this would be deducted interest at the rate of 5 per cent. on £35 (the amount not paid up), or 35s., leaving a sum of £4 5s.; one-half of this remainder would be applied in paying up shares and the remaining half would be paid in cash. The employee might, however, if he wished, apply more than half of his dividends to paying up shares which are not fully paid up.

The dividends have averaged nearly 15 per cent. during the

entire period of this scheme.

The scheme was started with an issue of 7,000 shares, of which 2,383 were fully paid and 4,617 unpaid. The number issued on 31st December, 1911, was 19,710. The number in issue has

not since been increased, mainly owing to the War.

Before the War there was never any difficulty in getting the shares placed; but during the War the directors thought it right not to issue further shares, in view of the fact that employees were encouraged to put all their savings into Government War Loans. During this period, therefore, shares which employees wished to sell, and shares belonging to employees who had died or left the firm's service, were held in trust in the names of the managing director and the auditor of the company; and the whole of the dividends were applied in paying up the unpaid shares. Now that conditions have changed these have all been sold to other employees.

At the present time, 37 employees hold 19,710 shares in their own names, of which 19,522 are fully paid and 188 unpaid; thus less than 1 per cent. of the shares in issue are now unpaid.

In order to prevent the shares falling into the hands of those who are not employees, arrangements are made for shares to be transferred to other employees if the holders wish to sell, or

if they die, leave the firm, or become bankrupt.

The firm state that the scheme has had the very best results. The men employed are of a particularly high class, and are all well-educated men, devoting themselves to the interest of the firm in every possible way. They are not members of any trade union.

## (3) OTHER SCHEMES (INCLUDING CASH BONUS SCHEMES).

A great variety of schemes are dealt with in this section, a majority, however, having the common feature that the bonus is wholly or partly paid in cash.

# Blundell, Spence and Company, Limited.

This is an old-established firm of paint, colour and varnish manufacturers, distillers of turpentine substitutes and white spirits, and oil boilers and refiners, with factories and other premises in Hull and London. They employed 665 persons in 1918 (423 men, 98 boys and 144 women and girls), excluding 510 men serving in H.M. Forces, but including the office and works staff, both at Hull and in London.

A profit-sharing scheme was introduced in the year 1884 on the initiative of the late Lieut.-Col. Ll. W. Longstaff, a former chairman and an original director of the company. It has been revised from time to time and is here described in its latest form,

as revised in 1919.

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From the clear profit of the year, i.e., "the net amount "available for dividend, reserve or carrying forward, after "deduction of all outgoings whatsoever," there is deducted a sum sufficient to pay 5 per cent. on the preferred shares and 6 per cent. on the ordinary shares. One-fifth of the remainder forms "the gratuity fund." (The proportion set aside for the gratuity fund was originally one-tenth, and has been raised to its present level by successive revisions.) The amount of the gratuity fund is certified by or on behalf of the official auditor or auditors of the company, whose certificate must be accepted by all concerned as absolutely conclusive.

To be admitted to participate an employee must be twenty-one years of age on the day of distribution, must have been continuously in the employment of the company for eighteen months immediately preceding that day, and be then still in the company's service. If an employee leaves the company's service, and is afterwards taken on again, he or she has to serve a fresh term of eighteen months before he or she again becomes eligible to participate. He or she must also not have been absent during the company's financial year, ending 31st October, (i) in Hull, where the "one-break" system has been adopted, more than 120 hours, and (ii) in London more than 60 quarters or 215 hours in the aggregate, unless with the sanction in writing of a managing director.

In case of sickness or other unavoidable cause, the managing directors may, however, grant an approximately proportionate amount of any gratuity to which the employee would otherwise have been entitled. On the other hand, the managing directors may withhold the whole or any part of a gratuity, for any reason which in their opinion is sufficient, the amount so withheld going to augment the other gratuities. The number of employees in constant employment who received a gratuity under the scheme in 1918 was 444: this number included practically

all the men and 27 per cent. of the women.

In respect of the years ended 31st October, 1915 and 1916, men (or women) serving in H.M. Forces, or otherwise absent on war service, received half of any gratuity to which they would have been entitled had they remained in the service of the company, and the other half was set aside as a general fund for the relief of the employees or ex-employees of the company who rendered naval, military, or other war service, and their dependents.

For the years ended 31st October, 1917 and 1918, men (or women) absent on war service received half of any gratuity which they would have received had they remained in the service of the company, and the total available amount was distributed on this basis, it being considered that the credit balance of the general relief fund was ample for the purpose for which it was required.

The gratuities are paid in cash. The amount of the gratuity to be paid to each individual is decided by an elaborate scale. Participants are placed in one of fifteen classes, who receive respectively half a gratuity, one whole gratuity, one-and-a-half gratuities, and so on up to twelve gratuities. A "gratuity."

i.e., the unit of participation for the purposes of this table, is that fraction of the entire gratuity fund obtained by dividing it by the total number of gratuities which have to be provided, in accordance with the scale. The total number of gratuities, or units of participation, which had to be taken into account for the purposes of the distribution in 1918, for example, was 800, giving an average of 1\frac{1}{2} "gratuities" to each participant.

Sixty-four employees have invested in the company. They hold 5,825 fully paid ordinary shares and 600 fully paid preferred shares: both classes of shares are of £1 nominal value.

The objects of the company in introducing the scheme are stated to have been "to give as many as practicable a personal "interest in the economical administration of the business of "the company." The notice goes on to say that "as it will be "to the direct pecuniary advantage of all participators that "there be no waste of time, labour, or material, it is confidently "expected that they will throw into their work an amount of "zeal and energy that will effect economies otherwise unattain-"able."

The company report that the scheme has given satisfaction both to themselves and to their employees; that it has called forth extra zeal on the part of the latter, and promoted harmonious relations between the company and those in their employment.

### British Cyanides Company, Limited.

This scheme is of interest both on account of the care that was taken to make the proposals known to and accepted by the employees before their introduction, of the manner in which the bonus is paid, and of the central position that is given in the working of the scheme to the employees' Consultative Committee.

The scheme was adopted by the directors on the 1st November, 1916, and thereafter approved by the principal shareholders. It was then submitted to a general meeting of employees and explained by the Chairman of the company on the 3rd January. The employees approved the proposals in general, and appointed a provisional committee to work out the details of the scheme, especially as regards the Consultative Committee. The provisional committee held three meetings, and presented a report containing recommendations for the constitution and functions of the Consultative Committee. These recommendations were approved by the Board of Directors, and circulated among the employees. They were then submitted by the chairman of the provisional committee to a general meeting of the employees, over which the Chairman of the company presided, on the 2nd April, 1917, and adopted; and the scheme came into force on the 1st May, 1917.

The rules of the profit-sharing scheme and the regulations of the Consultative Committee are printed in full in Appendix E (pp. 192-4). It will be noticed that the bonus fund consists of a sum equal to 2½ per cent, on the total of wages and salaries for every 1 per cent. (free of income tax) by which the shareholders' dividend exceeds 6 per cent. (also free of tax). When

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the shareholders' dividend, therefore, is at 10 per cent., the employees' bonus is at the same level. Above this level, the employees' bonus is at the rate of 1 per cent. on wages and salaries for every 1 per cent. (free of tax) distributed as dividend.

Bonuses to individual employees are paid in cash. They are not paid in a lump sum, but at weekly or other intervals during the year succeeding that in which the profits were made. The weekly payments are based upon regular attendance; the payments at longer intervals are intended as a reward for efficient work. Another portion of the bonus fund is credited to a fund for the benefit of the employees collectively. Temporary employees (including the women and girls employed) do not participate in any part of the bonus. On the other hand, employees on service with H.M. Forces received the same benefits as those remaining in the works.

It is to the Consultative Committee, however, that the company attach the most importance. Upon this point they write:—

"In our opinion, after nearly two years' experience, by far the most important feature connected with the scheme is the appointment of the Consultative Committee.

"We have found this committee of the greatest use in "handling the innumerable questions which arise in con-"nection with the operation of a factory and the welfare of "the operatives; and the tendency of the Board [of "Directors] is continually to expand the functions of this "committee and lay upon them a wider scope of responsi-"bility. It is our personal belief, which is shared by the "higher officials on our staff at the factory, that the "functions of this committee will continue to expand until practically every question which concerns the operatives "and therefore the management and operation of the "factory, except probably individual wages and salaries, "may in case of necessity be referred to this committee for "settlement, subject, of course, to confirmation by the "Board. On this point, it may be of interest to record "that on no single occasion up to the present has the Board "found it necessary or advisable to withhold its consent to "any recommendation put forward by the committee.

"We have also found that the closer intercourse which is brought about through this committee between the board, the staff, and the workmen has been all for good, not only in bringing before the directors the point of view of the workmen, but in bringing the workmen members of the committee into touch with the wider view-point from which problems which they might have regarded as con-

"cerning themselves alone have to be considered.

"Our experience has admittedly been very short, and has been gained under exceptional circumstances, and we are very reluctant to express any definite opinion at so early a stage; but such experience as we have had justifies the hope that in the formation of works committees of

"mixed constitution, as this is, whose powers may ulti-"mately be second only to those of the Board, lies the "solution of the difficulties between employer and employee, "which have arisen through the wide adoption of the

"limited liability company for the performance of industry "in place of what may be termed the family business."

Clarke, Nickolls and Coombs, Limited.

An example of the type of Profit-sharing in which part of the fund available for the payment of bonus is paid in cash and the remainder is credited to a provident fund for the benefit of the employees may be found in the scheme of a large London firm of confectionery manufacturers, Messrs. Clarke, Nickolls and Coombs, Limited, which came into force on January 1, 1890. The arrangement in this case is that "after paying all salaries, "liabilities on agreements, making allowances for bad debts. "and the usual provision for depreciation and other reserves, "paying interest on debentures, dividend on preference shares, "and a dividend at the rate of 6 per cent. t on the ordinary capital "of the company, any balance of profit remaining will be divided "into two parts, of which one-half shall belong to the ordinary "shareholders, and go to augment their dividend, and the other "half shall belong to the total wages fund of the workpeople, "clerks, and other employees of the company, excepting such "as are paid wholly or in part by commission." The company's accounts are audited by a professional accountant. employee who has been at least twelve months in the company's service previous to the annual distribution is entitled to participate, and shares in the proportion that the sum paid to him or her in wages or salary bears to the total sum paid in wages and salaries during the year. The bonus is paid in cash. A certain number of employees each year are, of course, not entitled to participate owing to not having completed the qualifying period of twelve months' service; and a sum is set aside representing what would have been paid to such employees had they possessed the necessary qualification, and is carried to a provident fund for the benefit of the employees. The balance yearly remaining to the credit of this fund is invested (under the control of the directors) in the company's debentures and preference shares, and forms the nucleus of a superannuation fund. All the benefits provided by the scheme are declared to be a free gift only, no right being conferred upon any person.

<sup>\*</sup> An account of the scheme in force in this business, giving much detailed An account of the scheme in force in this business, giving much detailed information which cannot be included in this Report, will be found in "Experiments in Profit-sharing and Co-partnership: No. 2," issued by the Labour Co-partnership Association (6, Bloomsbury Square, London, W.C.1). This pamphlet contains a report of an address delivered by Mr. Alexander Horn, one of the Directors of the Company, on the 20th November, 1918; and of the discussion following thereupon.

<sup>†</sup> The company states that it had paid 10 per cent. on its ordinary shares for two years prior to the introduction of the profit-sharing scheme, but it was thought wiser to start dividing profits with the workpeople after only 6 per cent. had been paid to the ordinary shareholders. The directors suggested this as, having every confidence in the scheme themselves, they thought, if the workpeople saw something tangible within their grasp, they would be more likely to give it a fain trial give it a fair trial.

The benefits provided by means of the provident fund are (a) the payment of two-thirds of their wages for six weeks to employees who fall ill; (b) the payment of £5 to the representatives of a deceased employee; (c) the payment of £5 to women who marry after being five years in the company's service; (d) the gradual accumulation of a superannuation fund. The amount now standing to the credit of this superannuation fund, which is for the benefit of all employees who have been 25 years in the service of the firm, is £62,000, invested in the company's shares and debentures.

The number of workpeople employed has fallen greatly during the war, the confectionery trade having been one of those which were most affected by the reduced supply of sugar; the average number employed in 1914 was 2,800, or double the number employed in 1918. The number of workpeople who participated in the bonus shows, of course, a corresponding diminution, and fell to 1,132 in 1918; but the amount of the bonus paid in 1918 and in 1919 (in respect of the profits of 1917 and 1918, respectively) was £19,500 in each case, the largest amount ever paid.

The proportion of bonus to the earnings of the workpeople, which varied from about 4 to 6 per cent. in the first seven years of the scheme, has never fallen below 10 per cent. since 1897, and reached a percentage of 23.3 in 1918 and 24.3 in 1919. The average percentage for the whole period of the existence of the scheme has been 12.9, and the total amount allotted, from 1891 to

1919 inclusive, is £274,025.

No special facilities are given for acquiring shares, but the acquisition of shares by employees is, according to the Return received from the company in connection with the present enquiry, "encouraged where opportunity offers," and, in fact, 58 employees hold shares. The total value of the shares so held, and of deposits held by 150 employees, is about £50,000; most of this is represented by shares, the deposits being mostly of small amounts.

The company consider that the scheme has, on the whole, given satisfaction both to themselves and to the workpeople; that it has promoted harmonious relations between employers and workpeople, and tended to lengthen the period during which their workpeople remain in their employment. So far as calling forth extra zeal on the part of the employees is concerned, however, they report that this has been experienced only to a limited extent, mainly amongst heads of departments or foremen, and the older employees.

# W. Dennis and Sons, Ltd.

This is a firm of potato growers and merchants, and fruit brokers, salesmen, and auctioneers, employing between 400 and 500 persons at their farms in Lincolnshire and the neighbouring counties. They also have agencies, offices, &c., in London, Liverpool, Leicester, Southampton, the Channel Islands and France; but the profit-sharing scheme does not apply to these places. It does, however, apply both to the farming and to the trading departments in Lincolnshire.

The scheme, which was explained to a meeting of the work-people on March 15th, 1919, provides for the payment of the "customary or market" rate of wages to labour, and for interest at the rate of  $5\frac{1}{2}$  per cent. on land-owning capital, and at the rate of 6 per cent. on farming and trading capital (horses, ploughs, stock, &c.). All profits remaining after these payments have been made will be divided into three equal shares, one of which will go to land-owning capital, one to farming and trading capital, and one to labour.

All workers who have worked not less than one month (24 working days) will participate. Each worker will participate in proportion to his earnings during the past twelve months. The bonus is to be paid in cash, and no stipulation is made as to its investment in whole or in part; but the Directors are prepared

to consider proposals for the investment of any sums.

In the event of there being a loss in any year, the loss will be carried forward to the succeeding year, and will come off future profits.

The employee co-partners will be invited to nominate members to Committees of the Board which are to be set up to deal with wages, hours of work, and kindred matters. Women co-partners will be eligible to sit on these Committees when questions affecting women arise.

No restriction is placed on the freedom of the workers to join a Trade Union, or to leave the firm's employment at any time

on giving the usual notice.

# William Gray and Company (1918), Ltd.

This well-known firm of shipbuilders and marine engine builders introduced a profit-sharing scheme in March, 1919. It applies to all employees, male or female (except the directors), who have reached the age of 21 years and have served at least twelve months. The number of persons who will come under the scheme is estimated at 4,000.

The bonus consists of one-fifth of the net profits of each year, "after the Directors shall have made what, in their sole opinion, "are the necessary allocations." The trustees may, however, demand a certificate of the Company's auditor or auditors as to the exact amount of divisible profits available for division among

the employees.

The individual shares are determined by the employees' total earnings during the year, exclusive of overtime. Where wages are customarily paid on piece-rates, the bonus is calculated on the time-rate basis ruling in the trade. An employee who has left the firm's service (unless he was discharged for misconduct) is entitled to share in the bonus in proportion to the length of the period worked, provided that such period was at least three months. One of the most important clauses in the agreement is that relating to lost time, which reads:—

"Employees who have without good and sufficient reason lost "more than twelve days' time during any year shall not par"ticipate in the divisible profits. To enable a correct record of 
"time to be kept, every employee must take out a card, time-

"board or check."

Absence at recognised holidays, absence through sickness, through breakdown of plant, or through weather preventing work, or similar reasons, is not considered as "lost time." In certain circumstances, even time lost through strikes is not so considered. The rule with regard to strikes reads as follows:—

"Time lost by reason of a lock-out, general or district strike, whether authorised by Trade Unions or not, shall not be considered as time wilfully lost, and shall not debar participation in the divisible profits. The directors of the Company are most anxious not only to continue to work on the friendliest relationship with the Trade Unions, but, if possible, to improve that relationship. Time lost by reason of a strike on a scale smaller than a district strike, shall be considered as wilful loss of time. . . ."

The objects of the scheme, as set forth in the preamble to the

agreement, are as follows: -

"The Directors put forward the scheme with the objects of giving every man and woman employed by the Company an "interest in its welfare, of encouraging them to keep good time and avoid waste, and thereby increase the output of ships, marine machinery and ship repairs, and of maintaining one of Great Britain's vital industries in the face of severe foreign competition which must shortly make itself felt.

"The Directors are confident that their aims can be realised, because they appreciate the fact that the good feeling between the Company and its employees at West Hartlepool has been a powerful factor in building up a business which is respected throughout the shipping world; and it is their earnest desire further to improve this relationship by sharing the profits of the business with its employees, and in return they ask their fuller co-operation for the future."

The rules of the scheme are given in full in Appendix E.

(pp. 194-6).

### Home and Colonial Stores, Limited.

This well-known multiple-shop company introduced a profit-sharing scheme in 1915, and the first bonus was paid in that year in respect of the profits of the year 1914. The bonus is paid to the whole of the employees at the company's branches, and the amount distributed is equivalent to the amount paid in dividend on the "A" ordinary shares of the company. The amount paid in 1915 in respect of the profits for 1914 was £25,000: in each subsequent year £30,000 has been distributed. The amount is distributed amongst the individual employees who are with the company at the time of distribution in proportion to the total wages paid to each participant for the year in question, and is calculated, in the case of an employee entering the company's service in the course of a year, from the day of his or her entry. Men serving with the Forces shared proportionately in respect of the time spent in the company's service during the year in which they left, but from the time of joining the Forces they came under other arrangements.

The number of employees before the war was approximately 4,000. The average number in 1918 was 3,137, viz., 656 men, 371 boys, and 2,110 women and girls. The bonus (which is paid in cash) was sufficient to make an addition of one-seventh (over 14 per cent.) to the wages and salaries of all the participants.

It will be observed that the scheme was introduced early in the war, when some 200 of the company's employees had already left to join H.M. Forces. Writing in July, 1915, the company reported:—

"The announcement [of the profit-sharing scheme] and the subsequent distribution of cash brought forth expressions of gratification from our employees throughout the

"kingdom.

"It is difficult, owing to the dislocation of staff on account of enlistments, to state definitely the result as regards increased zeal, &c. But as a matter of fact the staff have had an exceptionally trying year, and there can be little doubt that the scheme has tended to maintain the harmonious relations which have been a feature of this company's history in exceedingly difficult circumstances." Reporting in connection with the present enquiry the company say:—

"The arrangement has worked well and has met with the unqualified approval of our branch employees."

#### Indemnity Mutual Marine Assurance Co., Ltd.

The scheme of this company is interesting as being one of the very few profit-sharing schemes found in financial undertakings in this country. It is not unusual for such undertakings to give a gratuity to their employees at Christmas, often of substantial amount; but this is generally a gift pure and simple, uncovenanted, and bearing no fixed and definite relation to profits. The profit-sharing bonus of this company will supersede the gratuity previously paid to employees at Christmas. It is interesting to note, in this connection, that Profit-sharing in France has attained some of its greatest successes in insurance companies.\*

The company introduced the profit-sharing scheme in January, 1918. Two per cent. of the underwriting profits in excess of £20,000 is divided among the staff; and all employees are eligible except (a) employees who have been dismissed or are under notice before the 31st December in any year; (b) employees serving the company under special agreement; and (c) porters, messengers, and the like.

It was provided that the bonus should be paid to members of the staff who were absent on military service, or to their executors, under the following conditions:—

(i) In the event of an employee dying on service, the bonus is to be paid to his executors.

<sup>\*</sup> See Report on Profit-sharing Abroad (Cd. 7283 of 1914), pp. 5, 12-13, 15-16, 19, and 124-7.

(ii) If an employee returns to the company's service after demobilisation, and completes twelve calendar months' service therein (or such shorter period as the Board may determine), the trustees are to pay over to him amounts standing to his credit.

(iii) If an employee does not return to the company's service his bonus is not paid to him, but put into the common

pool of the "Efficiency Fund" (see below).

The bonus is not paid until the third year after that to which the profits relate. The first bonus, for example, which was paid in January of this year (1919), was based on the underwriting profits of the year 1916. This peculiarity is due to the special conditions of marine insurance, in which many months often elapse after a premium has been paid before it is known whether the "risk" in respect of which the premium was paid will involve a loss, and, if so, how much the loss will be.

The bonus fund, i.e., the product of the 2 per cent. charge on profits over £20,000, is paid over to trustees, who divide the fund into two equal parts, one of which is distributed in accordance with length of service (service with H.M. Forces being counted as service with the company), the other in accordance The "Long Service" Fund is divided as with efficiency.

follows: -

Employees with less than 5 years' service, no bonus.

5 but less than 10 years' service, 1 unit. 10 15 ,, 15 20 3 units. 20 25 4 units. 25 years' service or over, 5 units.

Members may not assign or charge their share in the fund; if they do so they will forfeit their share.

The "Long Service" Fund paid in January, 1919, was divided among 15 employees, representing 44 "units," and amounted on the average to about 20 per cent. of their salaries; and it is anticipated that the bonus paid next year (in respect of

1917) may be even more substantial than this.

The other half of the bonus, which is called the "Efficiency Fund," is not divided in any fixed manner, but distributed among qualified members of the staff as the Board may deter-The whole of the "Efficiency Fund" need not be distributed in each year; any part not distributed will be carried forward to a succeeding year. The "Efficiency Fund" in January, 1919, was divided among 25 employees, and represented about 20 per cent. of their salaries. Both halves of the bonus are paid in cash. The amounts of the combined funds paid varied from 10 to 60 per cent. of the salaries of the recipients.

It is, of course, too early for the company to pronounce an opinion as to the merits of the scheme, but they remark that "the staff of the company have always worked with the greatest zeal, and the relations between employers and employed have always

been most satisfactory."

## John Knight, Limited.\*

This well-known firm of soap manufacturers, whose works are at Silvertown (London, E.), have had a scheme of Profit-shering in force since 1904. The original scheme provided that, after 6 per cent. had been paid on capital, each employee was to receive one week's wages for each additional 1 per cent. paid on capital. The bonus was paid in cash, though the participating employees were allowed to leave the whole or any part on deposit with the Company at interest.

Early in 1909 the scheme was altered, and half a week's wages are now paid as bonus for each half per cent, paid on capital over 5 per cent. Henceforth also a third of the bonus was retained and invested in the Company's ordinary shares, in the names of trustees, on behalf of the employees. The proportion retained for investment has, since 1912, been increased to one-half.

There was originally an age limit for admission to the scheme, but this was abolished in 1912, and any employee who has been in the Company's service for at least three months, and who is recommended by his or her foreman, is qualified for admission. The conditions printed on the back of the form of receipt which the participating employees are required to sign each year provide that:—

"Any employee guilty of misconduct, or who is proved to have been wasteful of the Company's property, or who does not take an interest in his or her work, or is a bad timekeeper, will be liable to have the whole or part of the bonus withheld.

"Any employee discharged for dishonesty forfeits all claim to any sum standing to his or her credit in the bonus fund.

"The Directors reserve to themselves the right to decide, in each individual instance, as to whether the bonus has been earned or not."

The number of employees during the twelve months preceding the declaration of bonus in 1918 was about 900, all but 30 of whom were permanent employees, and the number of employees who participated in the bonus was 796, who received £3,953, or three and a half weeks' wages. The average ratio of bonus to wages or salaries (including both the part paid in cash and the part retained for investment) during the period 1905–18 has been 6·1 per cent. The number who participated in the bonus distributed in February, 1919, was 844 (including employees in H.M. Forces), who received £7,212, equal to four and a half weeks' wages, or 8·65 per cent. on their earnings.

The total amount held by the trustees on hehalf of 911 employees in July, 1919, was £10,459. In addition, 34 employees hold shares not obtained through the profit-sharing

<sup>\*</sup> The style of the Company, when the profit-sharing scheme was introduced, was "John Knight and Sons, Ltd." The reconstitution of the Company under its present title in 1906, however, made no difference in the profit-sharing arrangements.

scheme, to the amount of £1,892 (nominal value), mostly in ordinary shares.

The Company have no arrangements under which existing employees, as such, are represented on the Board of Directors; but it may be mentioned that four of the seven Directors were formerly employed by the Company in the offices.

The Company had a three weeks' strike in 1911, but, apart from that, they regard the scheme as satisfactory to themselves, while they report that it is highly appreciated by the workpeople. In their opinion it has promoted harmonious relations between the employers and workpeople, and has tended to lengthen the employees' average period of service.

### Prudential Assurance Company, Limited.

This company carries on all kinds of insurance business (life, fire, accident, &c.); but it has specialised in "industrial" life insurance, i.e., the issue of policies, as a rule for comparatively small amounts, the premiums on which are collected weekly by agents who go round from house to house. For this purpose it requires a large outdoor staff of agents, superintendents, &c.; and the profit-sharing scheme, which was introduced in July, 1907, applies to the outdoor staff only, and not to the clerical staff at the head office.

The profits of the "ordinary" and of the "industrial" branches are dealt with as follows:—

Nine-tenths of the profits of the "ordinary" branch, after deduction of any sums required for, or in augmentation of, the "ordinary" branch contingency fund, are paid as a bonus to the policy holders in this branch. The remaining tenth of the profits of the "ordinary" branch, and the whole of the profits of the "industrial," after deduction of any sums required for, or in augmentation of, any contingency fund or funds, are employed in paying a dividend to the shareholders up to ten shillings on each £1 share, free of Income Tax. The remaining net profits are then distributed, or reserved for distribution, two-thirds to the policy-holders in the industrial branch; one-sixth to the superintendents, assistant superintendents, agents, and other members of the outdoor staff; and one-sixth to the shareholders.

The whole of the bonus is paid in cash. The individual shares are decided, at the absolute discretion of the directors, partly in proportion to salary and partly in proportion to the employee's success, as shown by the increase in the premiums collected. Employees serving with the Colours were included in the last distribution, that of 1915.

Since the scheme was inaugurated the total amount of "remaining" profits distributed has been £3,390,000, of which £565,000 went to the shareholders, the same to the outdoor staff, and £2,265,000 to the policy-holders in the industrial branch, who now number over 22 millions.

The number of participating employees has varied from 14,370 in the first year to 19,277 in the year 1915, the last in which any

bonus was paid. The average proportion of bonus to salaries during the eight years in which a bonus was paid was 4.6

per cent.

The war has, however, as might be expected, caused a heavy drain on the funds of all the life insurance companies, and not least on those of the Prudential, which is one of the largest. Up to the end of the year 1918 it had paid over £4,900,000 in respect of over 230,000 claims. Besides the direct drain on the invested funds of the company through the excessive number of claims, the war has also affected its resources adversely through the operation of the Courts (Emergency Powers) Act, which prohibits (inter alia) the enforcement of the lapse of any life insurance policy "for an amount not exceeding £25, the premiums "on which are payable at not longer than monthly intervals, "and have been paid for at least the two years preceding the "fourth day of August, 1914." The combined effect of these two causes has been to reduce the company's resources by an amount much greater than that allotted as bonus in the pre-war year 1913. During last year (1918) the company's funds were also subject to a heavy drain owing to the influenza epidemic: no less than £650,000 was paid in the industrial branch alone, and on civilian claims alone, in the two months from the 2nd November, 1918, to the end of the year.

About 300 acting members of the staff are shareholders in the company, holding £1 shares to the nominal value of about £27,600 in all, or 2.8 per cent. of the total capital.

The company have a Staff Provident Fund for the benefit of the outdoor staff (superintendents, assistant superintendents, and agents) in receipt of salaries not exceeding £400, and who have completed one year's service. To the employee's contributions (which must not exceed 5 per cent. of his salary for the year) the company add 50 per cent.; and, as a special inducement to employees to join as soon as they have completed a year's service, the company's contribution is increased to 100 per cent. for one year to those joining in their second year. Interest is paid both on the employees' own contributions and on the company's additions thereto. The total amount of the fund on the 31st December, 1918, was £308,847, in the hands of 5,803 contributors; of which £196,511 represented the employees' own contributions, and £112,336 the company's additions thereto, including interest in each case.

The company report that the profit-sharing scheme has given satisfaction to themselves and to their employees eligible to participate; that it has called forth extra zeal, promoted harmonious relations, and tended to lengthen the time during which

their employees remain in their employment.

# E. S. and A. Robinson, Ltd.

This is a firm of printers, paper bag and cardboard box manufacturers, and manufacturing stationers, who started business about 75 years ago, and now employ upwards of 2,000 persons (men and boys, 1,200; women and girls, 1,100).

Scheme No. 1.—The firm introduced a profit-sharing scheme in 1912, under which one-third of the net profit over and above a certain fixed minimum is distributed among those employees who have been continuously in the company's service for two years preceding the 28th February (the end of the company's financial year) and whose average rate of wages during the year, when employed, does not exceed £6 (formerly £3) a week. Employees receiving over £6 a week also participate in the profits, under another scheme, by means of a bonus varying with the profit of the year.

The share of profit is paid to the workers in proportion to wages actually earned, with an addition of £1 for each year of service. For example, if a man's actual earnings were £100, but he had been fifteen years in the firm's service, his share would

be calculated on the sum of £115.

Men serving in H.M. Forces have received their share of the profits as though they were still in employment: their share has been calculated on what they would probably have earned if their employment had not been interrupted.

The share of profits is paid in cash: it has increased every year since the start, and in the last two or three years repre-

sented a very substantial addition to regular wages.

Scheme No. 2.—The firm also have a system of Workpeople's Deposit Accounts, in which any person who has been in the employment of the firm for two years or over may deposit his or her savings, provided his or her salary does not exceed £300 a year. Employees must not deposit more than 25 per cent. of their wages for the year, or have more than £200 on deposit.

Deposits receive interest at a rate varying from a minimum of 5 per cent. to a maximum of 10 per cent., according to profits. When the dividend on ordinary shares exceeds the average for the four years ended June, 1905, the rate of interest will be increased by the same amount. Supposing, for example, the average for the four years mentioned was 6 per cent., and the rate in one particular year was  $8\frac{1}{2}$  per cent.; then depositors would receive an additional  $2\frac{1}{2}$  per cent., making  $7\frac{1}{2}$  per cent. in all. The fixed minimum interest is paid quarterly: the additional interest (if any), varying with the profits, is paid within three months of the close of the financial year.

Savings may usually be withdrawn at a week's notice. In order to encourage permanent saving, however, the firm reserve the right, by giving notice, to close the account of any depositor who makes withdrawals too frequently. Accounts may also be closed for any other reason. Depositors leaving the firm's employment receive their deposits, with interest at the fixed minimum rate, but do not receive any share in the additional interest

(varying with profits) for the current financial year.

The number of depositors at the end of March, 1919, was 678, who had £23,870 to their credit, an average of over £35 each.

The firm have a Welfare Committee, which discusses such things as holidays, arrangement of hours, canteens, working conditions, &c. The workpeople's representatives are elected by ballot: the men's and the women's representatives sit together on the same Committee.

# DETAILED ACCOUNT OF CERTAIN EXISTING SCHEMES. 105

The firm regard the profit-sharing scheme as satisfactory; it has strengthened the good feeling existing between themselves and their workpeople, and has called forth extra zeal on the part of the workers.

#### Firm No. 16.

A firm of paper-makers in the West of England, employing nearly 200 persons, have a profit-sharing scheme which dates from July, 1889. This scheme provides for the payment to the employees of a bonus dependent on the profits of the business, this arrangement conferring no legal claim, but the amount to be certified by an accountant. The bonus is paid half-yearly, and is distributed among participants in the proportion of each worker's wages to the whole wages of the mill. The qualification for participating is that the employee must have been employed during the entire half-year, and must have been entered on the list of profit-sharers not later than the first month in the half-year, by his or her own written request, with the consent of the firm. One-half of the participant's bonus is paid in cash, the other half being credited to him as a provident fund, on which interest at 64 per cent. per annum is allowed half-yearly.

The provident fund of an employee may be drawn out when he attains the age of 70, or completes 25 years' continuous service; if he dies, his representatives get the amount at once. quits the service of the firm, provision is made for his getting his provident fund within a fortnight after the next half-yearly stocktaking, subject to the condition that not less than three months must elapse between the date of his leaving and the payment of his provident fund; he also gets no part of his bonus for the current half-year. (The interval of three months is imposed as a deterrent to unthrifty employees, who might otherwise leave in order to get their provident fund immediately.) The rules of the scheme provide that the sums credited to the provident fund may either be left on deposit with the firm or may be placed in a savings bank; as a matter of fact the former course has been adopted in all cases. Bonuses forfeited owing to profit-sharers leaving the firm's employment, and all other undistributed shares of bonus, do not accrue to the firm but are held by them as a reserve fund, at 64 per cent. interest, for the benefit of all or any workers, whether profit-sharers or not, at the discretion of the firm.

There is at present on deposit with the firm a sum of £4,398, belonging to 171 employees, and representing partly provident fund, and partly cash left on deposit. In addition, eight employees have money on loan with the company, at 5 per cent. interest, to the total amount of £404.

As regards its results, the firm state that it has helped to promote harmonious relations between themselves and their workpeople. They have not had any strike or dispute since the introduction of the scheme. They do not consider, however, that it has called forth extra zeal on the part of the employees, or that it has tended to lengthen the average time for which their workpeople remain in their employment.

### (iii) DETAILED ACCOUNT OF CERTAIN ABANDONED SCHEMES.

## Henry Briggs, Son and Co., Ltd.\*

This scheme was introduced by Messrs. Briggs at their collieries (the Whitwood and Methley Collieries) near Normanton, in Yorkshire. In 1865 the firm turned their business into a limited company: most of the shares were taken by the partners, but a large amount of capital was offered to the public, preference being given to the officers, workmen and customers of the firm. At the same time the principle of Profit-sharing was introduced by a scheme thus described in the prospectus issued prior to the formation of the company:—"In order, however, to "associate capital and labour still more intimately, the "founders of the company will recommend to the share-"holders that whenever the divisible profits accruing from "the business shall (after the usual reservation for redemp-"tion of capital and other legitimate allowances) exceed 10 "per cent. on the capital embarked, all those employed by the "company, whether as managers or agents at fixed salaries, "or as workpeople, shall receive one-half of such excess profit "as a bonus, to be distributed amongst them in proportion to, "and as a percentage upon, their respective earnings during "the year in which such profits shall have accrued." further arranged that the bonus received by those employees who took shares in the company should be at a higher rate than that received by those who did not hold shares, the former class receiving on the first distribution of bonus, twice as much, on subsequent distributions half as much bonus again, as the latter.

In 1872 the price of coal and the rate of colliers' wages rose rapidly, the advances in wages granted to the miners being an increase in the aggregate of from 27½ to 30 per cent. upon their standard rate;† and it was thought proper to increase the minimum rate of interest on capital from 10 to 15 per cent. The first division of profits on the new basis was that for the year ending June 30, 1873; and this basis was maintained during the rest of the period during which the profit-sharing scheme was in

† It is asserted that by June, 1873, the advance in wages had increased to at least 50 per cent. on the original standard. (Co-operative Production, by Benjamin Jones, p. 497.)

<sup>\*</sup> Further particulars of this well-known scheme will be found in Methods of Social Reform, by W. Stanley Jevons (pp. 122-155); Industrial Partnerships, by H. C. Briggs; Thornton, On Labour (pp. 348-355); Profit-sharing, by Sedley Taylor (pp. 117-154); Die Gewinnbetheiligung, by H. Frommer (pp. 11-34); Profit-sharing between Employer and Employee, by N. P. Gilman (pp. 243-272); Co-operative Production, by Benjamin Jones (pp. 494-499).

force. The total amount received by the employees as bonus was as follows:—

Year ending	June 30	. 1866			£ 1,800
,,	,,	1867			2,700
,,	,,	1868			3,150
,,	,,	1869			3,462
,,	,,	1870			1,740
	,,	1871			1,745
	,,	1872			5,250
••	,,	1873			14,256
•,	,,	1874	•••	•••	6,048
	Total		•••	£40,151	

Thus, during the nine years covered by the Table, the average amount received as bonus was about £4,460 a year. What was the average ratio of bonus to wages during this period as a whole is not stated by the authorities consulted: the ratio for 1865-66 is, however, given as 10 per cent. in the case of shareholding, and 5 per cent. in the case of non-shareholding employees, and the ratio for 1866-67 as 12 per cent. in the case of shareholding and 8 per cent. in the case of non-shareholding employees; while it would seem that the bonus divisible for 1871-72 was at the rates of 9 and 6 per cent. for shareholders and non-shareholders respectively. As regards the numbers participating, it is stated that the number of employees participating in the year ending June 30, 1873, was 1,937, and the number participating in 1874 was 2,218.\*

It is stated that in 1868 the number of persons employed in these collieries was 989 adults and 214 boys, and that in the early part of 1869, out of 989 adult workmen, 144 held between them 178 shares, equal at par value to £1,780. From the first adoption of the profit-sharing scheme there had been a committee of the workmen, called together from time to time to give advice in respect to improving the processes of coal mining; and, as the accounts were verified each year by a professional accountant chosen by the shareholders, the employees had always a full knowledge of the affairs of the business, though at first no direct control. In 1869, however, one of the workmen shareholders, elected by his fellows, was given a seat on the board of five directors. It will be seen that the arrangements made to carry out the method of industrial partnership were in many respects singularly complete; and their effect upon the conduct of the workmen was for some time considered to be very A spirit of harmony between employer and satisfactory. employed was developed, such small disputes as arose being amicably settled without loss of time; the coal was got in a more careful manner; there was a considerable saving in timber used The men showed a willingness to work extra hours for props. &c.

<sup>\*</sup> Profit-sharing, by Sedley Taylor, p. 147.

when this was asked of them in the interests of the business, and generally were readier to obey orders than before the introduction

of Profit-sharing.

The circumstances which led to the abandonment of the method of Profit-sharing were briefly as follows:—Messrs. Briggs had hoped that Profit-sharing would be accepted by their workmen as a substitute for Trade Union organisation, they, on their part, abstaining from joining any combination of employers for the regulation of wages. "Until the "summer of 1868, the workmen seemed to enter into these views: "but at that time a growing desire to join the Union began to "manifest itself, on the ground that, as the company agreed to "pay the average weekly wages of the district as well as a share in the profits, and as the Union tended to raise those wages, it "was to the interest of the workmen to aid in that endeavour."\* In 1872, after the directors had fixed upon August 19 for the annual meeting of the shareholders, they received a notice stating that a great meeting and demonstration of the Miners' Union was to take place on that day, and requesting that work at the pits should be stopped in order to enable the men to attend. Thereupon the managing director, Mr. Archibald Briggs, issued notices to the effect that those who stayed away from work on August 19 would forfeit all claim to bonus for the future, and must take their chance of losing the bonus for the past year, since it lay in the power of the shareholders to settle what bonus was to be given and to whom; and the men were told in plain terms that they had to choose between Profit-sharing and Trade Unionism. About one-third of the men stayed away from work, and were deprived of bonus until reinstated the following Christmas. During 1873, a year in which the coal trade was very prosperous, the relations between Messrs. Briggs and their men, though not so good as before, were fairly satisfactory;† but in 1874 a dispute arose about the use of "riddles" for sifting the coal in the pits. The use of riddles underground had, for reasons into which it is unnecessary to enter here, long been a grievance in the eyes of the Yorkshire miners; during the fat years, when coal was so much sought after that even "smudge" was saleable, the men had been allowed to send up the coal unsifted, a slight reduction being made in their tonnage rate of wages. Now that prices were falling, the employers wished to revert to the use of the riddle in their pits; but the Trade Union declared that never again should riddles be introduced; and Messrs. Briggs's men for

\* Memorandum by Messrs. Briggs in Sedley Taylor's Profit-sharing, pp. 122, 123.

<sup>†</sup> At this time "some of the surrounding colliery proprietors, anxious to attract men to their pits and secure as large a share as possible of the great prosperity, and finding the bonus given by our company was a great inducement to men to remain with us, began to offer something beyond the regular wages of the district, saying it was 'instead of Briggs's bonus,' thus strengthening the view already entertained by some discontented men that the bonus was something kept back out of the weekly wages to be given at the end of the year, and that if we could pay it then we could give it to them weekly just as well" (Memorandum by Messrs. Briggs in Sedley Taylor's Profit-sharing, p. 125.)

some time declined to use them. "The events above described "did not, however, lead at once to the abolition of the industrial "partnership system. At the meeting of shareholders held in "August, 1874, it was decided not entirely to abandon it, but to "give it one more chance, modifying, however, the rules regula-"ting the distribution of the bonus, and making these rules "more stringent." Not long after this Messrs. Briggs, in common with the other employers of the district, announced their intention of reducing the men's wages. This reduction the miners, including those employed by Messrs. Briggs, declined to accept, and a strike of four weeks' duration ensued. As the direct consequence of this fact "the final step was taken, and "a resolution passed at the half-yearly meeting of shareholders, "held in February, 1875, that the payment of a bonus on the "industrial partnership principle should be discontinued. "Many of the men themselves had expressed a wish to the same "effect, having an idea that we were in some way merely "keeping back a portion of their wages to be probably (but not "certainly) returned to them at the end of the year; and they "said they would prefer to be paid precisely the same wages, "and be put on the same footing, as men at other collieries."† In connection with this case it is worth noting that the system adopted did not partake of the nature of a definite, binding agree-

ment between employers and employed, since the shareholders

might at any time refuse to vote the bonus.

Among the reasons for the workpeople's dissatisfaction with the scheme appear to have been the facts (a) that the initial rate of dividend reserved to the shareholders before any division of profits in favour of the employees could take place was raised by 50 per cent. when wages advanced, but no proposal appears to have been made to reduce it when a reduction in wages was proposed; (b) that in 1873 a sum of £30,000 was taken out of the last year's profits and invested in a new mine, the shareholders getting new shares in respect of the purchase, but the employees losing £15,000 of bonus, which would otherwise have come to them as their share of this £30,000; and (c) that the employees' share in profits was further diminished, because (as is stated) "large sums were placed to depreciation and reserve funds, " altogether out of proportion to what is usual, and the men were "thereby deprived of the share which ought to have come to "them as bonus. In the two years 1873-4, the reserve was "increased by £26,600; and in the three years 1873-4-5 'stores, "'repairs, renewals, and depreciations' were credited with £151,377." ‡

#### Messrs. Gilbert Brothers.

This firm of boot manufacturers, at Nantwich, is believed to have been the first to take advantage of an Act, passed in 1907, entitled the "Limited Partnerships Act," under which it is

Memorandum by Messrs. Briggs in Sedley Taylor's Profit-sharing, pp. 128, 129.

<sup>†</sup> Ibid., p. 129. Co-operative Production, by Benjamin Jones, pp. 497-8.

According to the Companies Department of the Board of Trade, no other firm has taken advantage of this Act.

possible for the employees of a private firm, collectively, to acquire an interest in the business. The Act, which came into operation on January 1, 1908, enables the formation of limited partnerships, by virtue of which one or more individuals can, as "limited partners," enter into partnership with other persons who are called "general partners." A body corporate may become a limited partner. The limited partners contribute to the partnership capital in cash or in other property valued at a stated amount, but are not liable for the debts or obligations of the firm beyond the amount so contributed. The Act further provides that "a limited partner shall not take part in the "management of the partnership business, and shall not have power to bind the firm," but he "may by himself or his agent at any time inspect the books of the firm and examine into the "state and prospects of the partnership business, and may advise

"with the partners thereon."

Messrs. Gilbert Brothers began by introducing in 1907 a scheme of Profit-sharing, under which a fixed proportion of their profits was allotted to the payment of bonus to their employees; and in December, 1907, 108 of their employees received a bonus in respect of the year ending June, 1907, under this scheme. In 1908, however, this system of Profit-sharing was further developed by taking advantage of the new Limited Partnerships Act. The employees of the firm formed a Society, which, in June, 1908, was registered under the Industrial and Provident Societies Act, 1893, under the name of "Gilbert Brothers' "Employees, Limited." By the Special Rules of this Society its objects are declared to be "to carry on the industries, busi-"nesses and trades of manufacturers of and dealers in boots, "shoes, and every kind of footwear, both wholesale and retail, "and whether alone or in limited partnership with any other "society, company, firm, or person." The Rules further provide that "the following may be admitted members; (a) em"ployees of Gilbert Brothers, wholesale shoe manufacturers, "Nantwich, who have been employed for at least six months; "(b) the managing partners for the time being of that business; "(c) other persons approved by such managing partners and "elected by the committee of the society. This committee, "which is elected from those who have been members of the "society for at least two years and have at least £10 paid-up "in the shares of the society, possesses the ordinary powers and "duties of a committee of management, but does not possess "certain special powers and duties, which are assigned to a "separate committee termed 'the Finance Committee.' This "Finance Committee consists of not less than four and not more "than five members, and its powers and duties are thus "defined :-

<sup>&</sup>quot;(1) It may at all reasonable times inspect the books of "any partnership in which the society is a limited "partner and examine into the state and prospects of "the partnership business, and may advise with the "general partners thereon and (in so far as the same "is permitted by the Limited Partnerships Act,

"1907), may meet and confer with the general partners whenever occasion requires upon all differences and questions concerning the capital of the partnership and the managers' salaries.

"(2) It shall inform the employees of any such partnership
"by notice in writing to each employee, or at a
"general meeting of the society, how much (herein"after called Part A) of the profit-sharing fund as
"defined in any agreement for sharing profits be"tween such partnership and its employees, is paid
"as bonus or dividend on the wages or salary of those
"employees taken collectively who, at the date to
"which the accounts of the partnership were made up,
"were members of the society or under the age of
"16 years, and how much (hereinafter called Part B)
"is paid as bonus or dividend upon the wages or
"salaries of the other employees collectively."

"(3) It shall further privately inform the accountant of the "society how much of Part A is declared in respect of "the wages or salary of each member, and of each "employee under 16 years of age."

It is provided that "all sums received by the Society, under "arrangements of or with Gilbert Brothers, for sharing profits "with its employees, shall be treated as capital and not as income of this Society. They shall be invested according to the rule "with respect to investment set forth below, and credited in the books of the Society, as follows:—

"(1) Each member of the Society shall be credited with the "amount received by the Society as dividend or bonus "on his wages or salary, such amounts not to be "withdrawn so long as he is a member of the Society "and has less than £200 fully paid-up in the "shares of the Society; but, whenever there is a "sufficient sum standing to his credit, enough shall "be transferred to his share account to create a fully "paid-up share in the Society until he has £200 fully "paid-up in the shares of the Society; and application "for membership of the Society shall be taken to "include application from time to time for any such "share or shares.

"(2) Any amount received by the Society in respect of an "employee under 16 years of age shall be entered in his name until he is 16 years of age. If he then. or within one year afterwards, becomes a member. it shall be transferred to his share account, and otherwise to Part B.

"(3) The Society shall hold that part of its capital repre-"senting Part B as a non-members' provident fund "for the benefit of all employees of Gilbert Brothers, "who, from time to time, are not members of the "Society, or their wives, children, or widows, or "persons dependent on them, to be administered under regulations made by the committee of management of the Society from time to time and approved by the managing partners of Gilbert Brothers."

Shares were to be of two kinds, "Invested" and "Accumu"lated," the latter being shares paid-up in the manner stated
above under (1) and (2), while all other shares were called invested shares. Invested shares were to have preference both as
to payment of dividend and in case of a dissolution of the Society.
No person was to hold more than £100 in invested shares.

The capital of the Society, except such sums as might appear to the committee to be likely to be necessary to meet the current expenses of the Society, and to pay out any of its members who might at any time cease to be employees of Gilbert Brothers for at least six months, or to satisfy the purposes for which the nonmembers' provident fund was held, were, in furtherance of its objects, to be applied in augmentation of the Society's share or interest in Gilbert Brothers as a limited partner therein, or in the purchase of the whole of such business. Subject to the above, the committee might invest in the manner provided in the general rules.

Interest on shares was to be at the rate of 5 per cent. per annum whenever the profits of the Society, after extinguishing any adverse balance and providing for reduction of preliminary expenses, and for any subscriptions due to propaganda organisations, sufficed to pay such interest. Any surplus profit was to be applied in forming a reserve fund, applicable by resolution of any general meeting on a recommendation of the committee to meet any contingency affecting the Society, or for any other purpose, whether within the objects of the Society or not, other than the payment of interest on shares, provided that notice of every such recommendation be given to every member not less

than six clear days before such meeting.

The terms of the partnership agreement which, on July 28, 1908, was entered into between Messrs. Gilbert Brothers, as general partners, and the Society, as limited partner, provided that the partnership should commence as from June 30, 1907, and should continue until three months' notice of intention to terminate it should have been given by any partner, or until the whole of the capital should have been acquired by the limited partner. The agreement also provided that, after paying salaries to the general partners (the two Messrs. Gilbert), depreciation, and interest on capital at 5 per cent., the remaining profit should go to form a profit-sharing fund, until 1s. in the pound should have been paid on wages, and, after that, a reserve fund. The agreement also provided that, as the amount of capital belonging to the employees increased, the capital belonging to the general partners should be reduced; and that, when the two general partners had been entirely paid out, then the business should belong to the Employees' Society as their sole property, and be carried on by that Society as a workers' productive society.

During the twelve months ended 30th June, 1912, the last year for which the agreement was in force, the firm had an

average of 94 workpeople in their employment, of whom 92 were members of "Gilbert Brothers' Employees, Limited," and participated in profits, receiving £151, being at the rate of 5 per cent. on their wages. Later in the year 1912, however, the scheme was abandoned at the request of the employees themselves, who had recently joined the National Union of Boot and Shoe Operatives. There was a dispute in 1913, the trade union workpeople being withdrawn for one week in support of a demand for an improved scale of payment. Later in the same year the factory was transferred to other owners.

# Irvine's Shipbuilding and Dry Docks Company, Limited.

This scheme was introduced by Sir Christopher (afterwards Lord) Furness in the two shippards with which he was connected, viz., the Middleton Shipbuilding Yard at Hartlepool, and the Harbour Dockyard at West Hartlepool, both belonging to Irvine's Shipbuilding and Dry Docks Company, Limited.

In a speech delivered to representatives of the trade unions concerned, on October 7th, 1908, he referred to the great damage done to the shipbuilding industry by the disputes which had taken place therein during the previous year or two. In particular he pointed out that the liability to strikes, with the consequent delay, made it difficult for shipbuilders to take contracts to which a time-limit was attached, since it was impossible for them to guarantee that the ships would be completed within the specified time. It is stated, in this connection, that four steamers built by the company during these years were respectively 152 days, 273 days, 304 days and 273 days late.

He therefore made two alternative offers. The first was to hand over to the trade unions, either singly or in combination, the company's shipyards at West Hartlepool as going concerns, for such sum or sums as might be determined by a recognised firm of assessors, appointed by joint nomination. Sir C. Furness undertook that the company would not be exacting while the business under its new control was in the preliminary stages, that they would allow them ample time to raise part of the purchase money, and would readily convey to the new management all the information at their command and such suggestions as

might prove of service.

The second alternative was that the employees should become "limited co-partners" in the shipbuilding business of the existing company. Special shares, called employee-shares, were to be issued, the workpeople paying for them by a deduction of 5 per cent.\* from their earnings until the amount was covered. Interest at the fixed rate of 4 per cent. was to be paid on the amount paid-up on the employee-shares, whether any surplus dividend was earned or not; and, in addition, they would receive a share proportionate to the amount of their holdings, and pari passu with the ordinary shareholders, in the sum remaining after paying a cumulative dividend of 5 per cent. on the ordinary

<sup>\*</sup> In the scheme as ultimately introduced, the deduction was only 2½ per cent. in the case of men whose standard rate of wages was 24s. a week or under.

shares and the appropriations for depreciation, reserve, and development funds. The amounts so paid as bonus out of profits would be devoted, in whole or in part, to the credit of the shares held by the employees.

A workman leaving the service of the company would be free to sell his shares to one or more of his fellow-employees at an assessed or arbitrated value, based on the market price of the

day.

The works would continue to be under the control of a board of directors, with the supreme power, as before, vested in the chairman and managing director; and the distribution of the funds of the company would remain solely in the hands of the company's officers, as before. In particular, the amounts to be set aside for depreciation, for developments, and for reserve, would be entirely in the discretion of the directors.

It was to be made an imperative condition of the agreement that the employee co-partners should not, under any circumstances whatever, go on strike, while the company gave up their right to lock them out. It was hoped that the labour co-partners would submit any complaints against the management, in a friendly spirit, through the works council (see below). It was to be understood that a strike would overthrow the sysem.

It was also hoped and expected that the labour co-partners would show constant concern for the success of the business; would discourage waste and "watch keenly every possible avenue "for the adoption of economies"; would do their work zealously, and not put any obstacles in the way of their co-partners doing the same; and would indicate to the works council directions in which unnecessary supervision or clerical labour might be withdrawn.

The Works Council referred to was a body composed of an equal number of representatives of the employees and representatives of the firm. Sir C. Furness desired, for convenience sake, that the workpeople's representatives should be actual employees of the company; but he was prepared to consider the admission of trade union officials, not being employees, as supplementary members, i.e., as a kind of "aldermen."

The functions of the Works Council are thus described:

"It would be a kind of Court of Reference and Committee of Counsel rolled into one. Its chief purposes would be the promotion of friendly communication between the firm and its labour partners on all affairs of common interest; and an important part of its duty would be to take into consideration on the instant, before any ill-temper had entered into them, all matters or incidents calculated to breed friction in all or any of the departments of the establishments. I would have it made a medium for the asking of straight questions on any matter of concern; and, on the other hand, I would have it used by the officers of the firm to convey frankly to the representatives knowledge of any circumstances or conditions that might at the moment be influencing the business prospects and efficiency of the company."

# DETAILED ACCOUNT OF CERTAIN ABANDONED SCHEMES, 115

Sir C. Furness explained that the authority to engage, instruct, direct, suspend or discharge employees remained in the hands of the officials of the company alone.

In the event of the Works Council failing to agree upon any major matter in controversy, the question would be referred for settlement to a Court of Arbitration; and alternative means of constituting such a Court were suggested.

At a further conference in November, 1908, after the scheme had been discussed by the Trade Unions concerned, the scheme was accepted by the workpeople; and the necessary special resolutions were passed by the shareholders on 29th December, 1908, and confirmed on 13th January, 1909. A deed of indenture embodying the terms of the scheme was entered into by Sir C. Furness on 1st February, and the scheme came into force on 31st March, 1909.

It applied to all skilled and unskilled labour, except casual workers; any man employed for 28 days consecutively ceased to be a casual worker. Membership of a Trade Union was made compulsory for men to whom the scheme applied. The number of employees' shares was 50,000, and the nominal value was £1 each. All employees to whom the scheme applied were obliged to apply for a minimum of ten £1 employee-shares, but might apply for more. The employee-shares conferred no right of attending or voting at the ordinary shareholders' meetings, but separate general meetings of employee-shareholders might be held.

In December, 1909, the company announced that it was proposed to pay a dividend at the rate of 5 per cent, over and above the minimum guaranteed rate, in respect of the nine months ended 31st December, 1909. Employee-shareholders thus received 9 per cent. in all (4 per cent. minimum plus 5 per cent. dividend), and the ordinary shareholders 10 per cent. (fixed rate of 5 per cent. plus contingent additional rate of 5 per cent.). The employee-shareholders, in reply to a request from the directors for an indication of their attitude towards the scheme, held a meeting at the end of December, and signified their desire to continue under the scheme.

On the completion of the first financial year, which was stated to be provisional, the question of continuing under the scheme was put to a vote of the Trade Unions. In five Trade Unions where all the members were allowed to vote, whether co-partners or not, the voting was 85 in favour of continuance and 504 against. In ten other societies, where only co-partners voted, the voting was 302 for and 354 against. Thereupon a vote was taken of all the co-partner employees, and resulted in a vote of 492 for and 598 against. The total number of employees was between 1,500 and 2,000, so that a large proportion did not vote.

The adverse vote is said to have been due to disappointment at the fact that employment under the co-partnership scheme had not been absolutely uninterrupted for all the labour co-partners. It is also stated that some of the employee co-partners had found

it difficult to spare the compulsory deduction from wages; and another alleged cause of complaint was that men temporarily out of work at the Irvine Shipbuilding Company's yards were unable to get employment at other local yards, owing to the hostility of the men at those yards to the co-partnership scheme.

#### Notes on other Abandoned Schemes.

All the information that is now available—or all that is worth giving at this distance of time—with regard to many of the schemes of Profit-sharing or Co-partnership which have ceased to exist is contained in Appendix B. In some cases, however, additional information is available which seems to be worth preserving as of permanent value even in the altered conditions of the present day. This is particularly the case where the only complete account of a scheme is contained in the Report on Profit-sharing, issued in 1894, which has long been out of print.

The following notes are accordingly taken, for the most part, from the 1894 Report, or from statements subsequently made to the Board of Trade, or to this Department, by the firms

themselves.

Profit-sharing in Agriculture.—Twenty-three schemes of Profit-sharing in agriculture are known to have been in operation in this country at one time or another, eight of which are now in existence. Of the 15 abandoned schemes, a large proportion were introduced and carried on by wealthy landowners or large tenant farmers for philanthropic reasons, the financial results being generally very disappointing. Nine of the 15 schemes were started in the years 1882-95, and were therefore involved, during a large part of their course, in the acute agricultural depression that occurred at the end of the nineteenth century; and it is not surprising that Profit-sharing under these circumstances was unsuccessful.

The more recent schemes do not, in general, present any features of special interest. With regard to one of them (Messrs. Paget and Allsebrook's scheme) Mr. Wilton Allsebrook wrote, under date of March, 1919:—

"I have always been an advocate of Profit-sharing, and had hoped that it would make the men more careful of their tools, implements, etc., and more industrious, keeping better time, etc. But I must confess that, though I always kept on good terms with my men, and they were always very grateful to receive their bonus at the time, I have never been able to observe any difference whatever in their demeanour as affecting time-keeping, and carefulness. They are too short sighted."

The remaining schemes which have been selected for notice existed in a great variety of industries, and it has not been thought necessary to classify them under industrial headings.

Messrs. Aithen, Dott & Son, frame-makers, of Edinburgh, adopted Profit-sharing in 1889, but discontinued it in the following year. They wrote as follows with regard to this scheme:

"Our hands being elderly, as a rule, seemed to keep on at the same pace as before. The system was stopped by us because we (at the time) wished it to be the prelude to a more co-operative system,

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in which the workers were to run a slight risk, but make, under normal conditions, a larger profit or income to themselves. They were by no means unanimous, but probably a majority were against running the infinitesimal risk they were called upon to run. We thereupon closed all abnormal relations, and fell back into paying the fair current wages of the trade."

Mr. Joseph Bromhead, who employed nearly 100 persons in a laundry near Bristol, adopted a system of Profit-sharing in November, 1890, but gave it up at the end of the first year because it was not found to produce satisfactory results. Mr. Bromhead stated that his experience led him to believe that better results are to be obtained by putting employees on piece-wage than by offering them a share in profits.

Mr. Joseph Collard, a printer and stationer in London, adopted a system of Profit-sharing in October, 1891, based on the distribution of 5 per cent. of the net profits, without deducting anything for interest on capital or personal management. He abandoned the scheme in 1893, for the reasons mentioned in a report to the Department, as follows:—

"I have not found the profit-sharing system work well as applied to all classes of workers. My last balance-sheet, quite recently prepared, shows that the work generally has cost me more. I have done a larger trade, but made less profit than the previous year. In future, I shall only give bonuses to those who deserve it, foremen and others who help in the management."

Messrs. John Devereux and Sons, of Lowestoft, grocers and provision merchants, introduced a scheme of Profit-sharing in 1892. At first they were well satisfied, finding that zeal was evoked, the stock better looked after, waste guarded against, and better attention given to the business generally. They thought they were largely recouped for the bonus by the additional energy displayed. In 1897, however, they abandoned the system. "We found it admirable," they wrote, "for the first two years; but after that all interest died out, and the thing became practically a dead letter. We do not see any extra zeal evoked by the majority of the staff."

Two ladies interested in social problems, Miss Mary Hamilton and Miss Edith Simcox, started a business on profit-sharing lines in 1876 under the style of *Hamilton and Company*. The business was turned into a limited company in 1883, and wound up in 1891. No profit-sharing bonus was paid, except in 1882, 1883 and (on a very small scale) in 1889.

This was one of a number of undertakings in the dressmaking and millinery trades which were started by philanthropic persons with a view to improving the position of needlewomen, and which were all unsuccessful, at least from the financial point of view. Miss Simcox, however, appears to have considered that the experiment was worth making for other than financial reasons. She wrote:—

"The confidential intercourse between employers and employed possible when the former have no wish to conceal their actual profits, and are sincerely desirous to share such profits as they can make, certainly tends to promote harmony. But I am inclined to

attach more importance to close personal intercourse and sympathy between employers and employed than to the formal promise of a share in profits. If the latter is only intended as a bribe for 'extra zeal,' the operatives will view it with suspicion, and with good reason, for if a few firms make extra profits by the help of such 'extra zeal,' the rest of the trade will try to do the same, and the result all round would be, at best, rather more work for rather more money, and not impossibly rather more work for the same money. Struggling firms in financial difficulties will not find a royal road to dividends paved by good intentions about Profit-sharing. A well-managed and successful business will work more pleasantly, and the partners will get their money's worth in the gain of their employees, if they resolve frankly to transfer a portion of the profits they might spend or re-invest to the whole body of workers by whose help the profits were earned. The firm that takes a step of this kind helps to raise the standard of living among the workmen concerned; it does not raise its own dividends."

For particulars of the unsuccessful Profit-sharing experiment of Mr. Herbert Hutchinson, a builder and architect of Haslemere, who afterwards turned his business into a co-operative society, see pp. 146-8).

Messrs. Idris and Company, Limited, mineral water manufacturers, of London, adopted Profit-sharing in 1890. After payment of fair salaries to the partners for management, and of interest on capital (at the rate of 5 and 6 per cent. on debentures, 6 and 7 per cent. on preference shares, and 10 per cent. on ordinary shares), the surplus, if any, was divided between the shareholders and the employees in proportion to the amount of capital held or of wages or salaries earned by each. Part of the bonus was paid in cash, and part credited to a Benevolent Fund; but employees were encouraged to invest their cash bonuses in preference shares, and it was announced that employees who took these shares would receive a supplementary bonus in future distributions.

The firm reported that many of the regular employees appreciated the scheme, but that it caused dissatisfaction among the casual workers, who are employed in large numbers in the mineral water trade during the busy season. These employees did not participate in the bonus. Some also of the regular workers did not appreciate it. The firm, therefore, decided to alter the basis of distribution among the individual employees; henceforth the share of each participant was fixed at the dis-

cretion of the managers.

Writing in 1893, the firm reported that the facilities for employees to invest their bonus in shares had worked well, and that the moral of the whole of their employees had improved. Four years later, however, they wrote that they had been disappointed to find that the money had not been used, in many cases, in the way they had intended, viz., as a provision for old age and sickness. The scheme was discontinued in 1903, owing to depression of trade.

Messrs. McVitie and Price, Limited, introduced a profit-sharing scheme in 1890, under which a fixed percentage of their profits was allotted to their employees as bonus. The bonus was paid

in cash. In reply to an enquiry as to whether the scheme had proved satisfactory, the firm wrote in 1893:—

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"This is a moot point; we are not satisfied with the results of the experiment so far as it has gone, but we have no intention of discontinuing the payment of the bonus. We employ a large number of young people, and think that the interval between payments (one year) is too long. We propose having half-yearly or quarterly payments, and will see how that turns out. The effect on a number of our hands has been excellent, but on the larger proportion the results cannot be discerned till within a month of the payment of bonus, and a month after they have lapsed into the usual condition of 'factory hands,' neither worse nor better."

The scheme was suspended for some years after the destruction of the works by fire in 1894; it was afterwards revived, but was definitely abandoned two or three years ago, the employees being dissatisfied with the reduction of bonus, consequent on a decline of profits.

Messrs. Osborne and Young, Limited, corn and forage merchants and flour factors, of Brixton, introduced a profit-sharing scheme in 1890, under which their employees received half of all profits in excess of the average for a series of years before Profit-sharing began. The bonus was paid in cash, or it might be left on deposit with the firm at 5 per cent. interest.

The bonus in the first three years averaged 6.6 per cent. on wages and salaries, and the firm at this time were highly satisfied. "The Profit-sharing has undoubtedly proved a great success," they wrote, "especially among the thoughtful and more intelligent of the employees. The greatest harmony and good feeling exist. . . . It also begets a readiness and a willingness to serve when required, irrespective of the exact time for leaving work." The firm also found greater carefulness to prevent waste; better care of horses, harness, &c., and an increase of trade (and consequently of profits) in spite of a reduction of hours by ten per week.

In 1897, however, and subsequent years, the firm reported that their anticipations had not been realised. Any extra zeal evoked during the first two or three years had nearly or entirely died out. Some of the older employees still valued it, and showed an increased interest in their work, but this was not the case with some of the more recently engaged men. Many of the employees had come to regard the bonus as deferred pay. The firm therefore abandoned Profit-sharing, and increased the wages of the "old and worthy hands."

Messrs. Peto Brothers, builders, of London, introduced a profitsharing scheme in December, 1889, in connection with a contract they had undertaken for the extension of Cane Hill Asylum. They offered the men employed on the job one quarter of the whole net profits on the contract; and announced that, if the experiment proved successful, they intended, as far as possible, to adopt Profit-sharing in all future works.

The scheme was strongly opposed by the Trade Unions concerned, on the grounds (inter alia) that it deprived of participation all who earned less than £5 in wages on the contract; also

those who "individually or in combination do anything tending to diminish the profits on the contract by . . . joining any strike for shorter hours, or for wages above the existing recognised rates of wages on which the tender for the contract was based, whether the strike be general or otherwise. The shares of men so forfeiting their claims to be added to the shares of the others." The Trade Unions argued that these provisions struck at the right of combination; that the proposal to add the forfeited shares to the shares of the others would tempt the foremen to dismiss as many men as possible before they had earned the qualifying minimum of £5; and that the scheme would also tempt the foreman to "drive" the workmen and permit scamping, so that the profits would be greater. They therefore called on the firm either to modify the conditions or to withdraw the scheme.

This the firm refused to do; but the financial results of the contract did not, in fact, permit of any payment of bonus. The firm wrote that the result of the experiment was unsatisfactory; any extra zeal shown was neutralised by the action of the Trade Unions.

Messrs. Phillips and Co., of Wrexham, wholesale and retail teamen and grocers, adopted a profit-sharing scheme in 1891, under which half of the profits of the business in excess of a reserved limit were distributed among the employees: the reserved limit was slightly lower than the average profit of the three preceding years. The bonus was paid in cash, and was in proportion to each man's salary.

The firm reported that the scheme had produced good results; it had promoted harmony and good understanding between themselves and their employees, and induced greater care and more attention to the details of the business. They did not, however, find any material increase in their returns; and had come to the conclusion that to make remuneration depend directly upon the efforts of each employee, instead of upon the total result, was a far more effectual and mutually beneficial method than Profitsharing. Commissions to managers, senior hands, and head counter-men, with smaller commissions to second and third hands, would, they thought, produce better results than a scheme which gave a bonus to all members of the staff independently of individual merit.

The scheme was abandoned in 1894, on the conversion of the business into a limited company.

The firm have since introduced a new system of commissions, paid at the end of the financial year at a rate varying with the profits of the business as a whole, but confined to heads of departments. This system is still in force.

Messrs. John Thomasson and Son, Limited, cotton spinners, of Bolton, introduced a profit-sharing scheme in 1873, which came to an end in 1877. The bonus was too small to give any great incentive to the employees; and the firm, in fact, reported that "the result, so far as could be seen, was nil." They added that

"most of the workers in a cotton mill being paid by piece, there is not the same opening for increased and improved work as where time-wages are paid."

A firm which does not wish its name mentioned introduced a profit-sharing scheme under which the employees received 5 per cent. of the net profits of the business. The scheme was found to increase the interest taken in the business by the steady and intelligent men, but it made no difference to the indolent and stupid men—the very men whom the firm desired to incite to greater efforts. The scheme was abandoned after ten years' trial, on the ground that it was "undesirable that the bad and improvident workmen should share equally with the careful ones."

Messrs. R. H. and S. Rogers, Ltd., shirt and collar manufacturers and dressers, of London and Coleraine, introduced a profit-sharing scheme in 1891, under which the profits over a reserved limit were to be distributed among the employees, other than pieceworkers. Pieceworkers were excluded, on the ground that it rested with themselves to increase their earnings by

greater output if they pleased.

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At first the firm were highly satisfied with the success of the scheme. They found, however, after two years, that the payment of a bonus to all the weekly paid timeworkers did not evoke any extra effort on the part of the lower grade of workers, who began to look upon the bonus as a matter of course, and did not realise that it was necessary for them to merit it. They therefore struck out of participation all hands whose weekly wages were below 30s. a week; and paid the managers and heads of departments a bonus at a much higher rate than to the rank and file, "as it is to the efforts of these men, far more than to the rank and file, that we attribute the extra success achieved." The number of participants was thereby reduced to 48, out of a total staff (including pieceworkers) of about 1,500.

In some of the years following this the firm wrote that the scheme appeared to be beginning to bear fruit, in increased zeal and economy, and in the personal interest of travellers and salesmen; but in September, 1898, they gave notice to discontinue the system, partly because of the increased liabilities imposed upon them by the Workmen's Compensation Act, and partly because "the workers seemed to cease to have the interest they used to take in the economical working of the business, and looked upon

the bonus as a matter of course."

# PART II.—PROFIT-SHARING AND LABOUR CO-PARTNERSHIP IN CO-OPERATIVE SOCIETIES.

#### INTRODUCTION.

It is of course impossible in this place to trace, even in outline, the general history of the co-operative movement; all that is here attempted is to indicate very briefly some of the main tendencies of the movement, in so far as they concern the payment of a profit-sharing bonus, or the institution of co-partnership, by some of the co-operative societies. An attempt, in short, is made to give so much of the history of the movement as is necessary to enable an answer to be given to such questions as these:—
"How does it come about that a profit-sharing bonus is paid by "some co-operative societies and not by others? Are Profit-"sharing and Co-partnership in any sense inherent in the "principles of co-operation; or are they something extraneous, "which may be adopted or not at the pleasure of those having the management of the undertaking without any sacrifice of co-"operative principle?"

Although numerous experiments in co-operation were made in the early years of the nineteenth century—one such experiment, indeed, the Hull Anti-Mill Society's corn mill, actually dating from 1797—most of these early ventures were failures; and for practical purposes the year 1844, when the Rochdale Equitable Pioneers' Society opened their store, may be regarded as marking the beginning of the co-operative movement in this country.

The distinguishing feature of the British co-operative movement, as it has in practice developed in the three-quarters of a century since that date, is the great predominance of the retail distributive store. Not only the distribution but also the greater part of the production carried on by co-operative societies in this country is carried on either directly by the retail distributive societies themselves or by federations of such societies, notably by the two great wholesale societies, one in England and one in Scotland. The producing societies (or departments) so formed are entirely subsidiary to the retail distributive societies, and are carried on with the same ideals and on the same principles as they: in particular, they adopt the plan followed by the retail societies of distributing their profits, or the greater part of them, in the form of a "dividend" to customers, in proportion to their purchases. In other words, they look primarily to the interest of the consumer.

This, however, was not the only motive that actuated those interested in the movement, even those identified with what has come to be distinguished as the distributive side of the movement, or "consumers" co-operation." Thus, the programme of the Rochdale Pioneers included a great variety of objects, as follows:—

1. The establishment of a store for the sale of provisions, clothing, &c.

 The building, purchasing, or erecting a number of homes in which those members desiring to assist each other in improving their domestic and social conditions may reside.

3. To commence the manufacture of such articles as the Society may determine upon, for the employment of such members as may be without employment, or who may be suffering in consequence of repeated reductions in their wages.

4. As a further benefit and security to the members of this Society, the Society shall purchase or rent an estate or estates of land, which shall be cultivated by the members who shall be out of employment, or whose labour may be badly remunerated.

5. That, as soon as practicable, this Society shall proceed to arrange the power of production, distribution, education and government, or in other words, to establish a self-supporting home colony of united interests, and assist other societies to establish such colonies.

6. That, for the promotion of sobriety, a temperance hotel be opened in one of the Society's houses as soon as convenient.

It will be seen that what may be called, for the sake of distinction, "Producers' Co-operation," i.e., co-operative production primarily in the interests of the producers, took a prominent place among the objects which the Pioneers set before them. This motive was prominent in the discussions that took place, and in the experiments that were tried, during the half century preceding the opening of the Pioneers' store at Rochdale; and it was powerfully reinforced by the rise of the "Christian Socialists," whose ideal was the self-governing workshop, owned and managed by the workers themselves. The origin of this movement is thus described by a writer in the "Economic Journal" for March, 1902:—

"About 1849, a group of young University men, working with the Rev. Frederick Denison Maurice in London, under the name of 'Christian Socialists,' commenced an active propaganda in favour of a novel form of co-operation, to be carried on, not in the interest of the working classes in general with the object of ultimately forming self-supporting communities, as advocated by the co-operators of twenty years earlier, nor in the interests of the consumers, as were the societies based upon the lines of the Rochdale and Leeds societies, but in the interests of the workers employed by the societies, it being proposed that these workmen should own the capital, manage the business, and divide among them the profits."

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The promoters of this new movement formed a propagandist body, called the "Society for Promoting Working Men's Associations," which set forth the following as their objects:—

- "(i) To extend the principles and practice of associated labour.
- "(ii) To enable the associates and their families to receive all the net profits arising from their labour, after they shall have had a just allowance for the work done by them.
- "(iii) To work with other associations for a complete organisation of distribution, exchange and interchange.
- "(iv) To establish, conjointly with other associations, such institutions as may be beneficial to all of them."
- "(v) To support the other associations of the Union by our capital, credit, custom, influence and knowledge."

It will be observed that the programmes of the two movements, taken in their entirety, are very similar; both contemplate an entire re-organisation of production as well as distribution on In practice, however, neither of the two co-operative lines. branches of the movement has completely realised its ideal; and each has devoted most of its energies to realising that part of its programme which stood first. Hence, in the actual development of the movement, we have to mark two tendencies, arising from two different, but not necessarily antagonistic, points of view. On one side we have the stores, dividing their profits wholly or mainly among their customers in proportion to purchases; on the other side, the productive associations of workers, holding out the ideal of dividing the whole of the net profits among the associates, organised in self-governing workshops. This ideal is rarely or never achieved, at the present time, by any of these societies; but it has left traces in the Profit-sharing practised by most of these societies, and also in the fact that some of them give their employees a certain share in the management of the business.

At the present time the "store" side of the movement preponderates greatly over the other side, even if production alone be taken into account; and the "productive associations of workers" have, in practice, come more and more under the control of the "store" societies. Many of them, in fact, are almost entirely dependent upon the "store" societies for their custom, and are scarcely distinguishable from the productive societies established by the stores, and existing solely to supply them. Nevertheless, the existence in the co-operative movement of the advocates of the "productive associations of workers" has not been without its effect on the entire movement: in particular, the fact that a certain number of the "store" societies still divide part of their profits with their employees is probably due in part to the presence in the movement of the "productive association" element.

<sup>\*</sup> Such as general store, benefit club, schools, library, museum, building society, etc.

On the other hand, the effect of the preponderant "store" societies on the practice of the productive associations of workers is naturally even more marked than the effect of the smaller movement on the practice of the stores. So far from dividing "all the net profits arising from their labour" among their "associates," these associations either (at the utmost) share a part of their profits with the workers, or else simply treat them as employees, paying them nothing beyond their wages, like any ordinary business. Many of the "productive associations," again, have adopted the distinctive "store" plan of distributing part of their profits to their customers in proportion to purchases. On the other hand, it is only fair to remark that, in many of the "productive associations," the employees have a substantial share in the management of the business, such as is rarely the case in the "store" societies.

Profit-sharing in the distributive or "consumers'" cooperative societies, and in the productive societies or departments
founded by them, is becoming every year less and less frequent.
It is significant that the article on Profit-sharing in the People's
Year Book (a manual published by the Co-operative Wholesale
Society) does not even mention the fact that Profit-sharing is still
practised by some co-operative societies, and speaks with disfavour of the whole system. A conspicuous example of the way
in which Profit-sharing is losing ground in the "store" side of
the co-operative movement is the abandonment, since the issue
of the 1912 Report, of Profit-sharing by the Scottish Wholesale
Society: the English Wholesale Society finally abandoned it,
after several trials, as long ago as in 1886. On the "productive
association" side of the movement, on the other hand, Profitsharing is holding its ground fairly well.

It may be desirable to point out that Profit-sharing in cooperative societies is not quite on the same footing as Profitsharing in other undertakings. The "profits" of co-operative societies, as is well known, are not, in general, liable to Income Tax, for the reason that they are not income in the ordinary They represent simply the difference between the price at which a body of people buy goods, or the cost at which they produce them, and the price at which they re-sell them to them-It is, therefore, only a matter of convenience and of policy whether the "dividend" (as the shared-out difference between the buying and the selling price is called) shall be large or small; some societies prefer to charge relatively high prices, and get their money back in the form of a large "dividend;" while others prefer to reduce prices to the lowest possible level, thus getting the whole of the benefit in low prices, and little The ultimate result in either case is or none in "dividend." the same; and in a co-operative undertaking there is, generally speaking, no one corresponding to the proprietor of an ordinary business, whose remuneration depends on the profits.

It has not therefore been deemed necessary to apply precisely the same tests to schemes of Profit-sharing in co-operative societies as to those in ordinary capitalistic businesses; and it is probable that some of the schemes included in this part of the

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Report would not be regarded as Profit-sharing, in the strict sense. if the tests applied to ordinary businesses were rigorously applied. For example, a large number of societies provide that the fund out of which the profit-sharing distribution is to be made is to consist of an appropriation out of profits of not less than a farthing in the pound on the gross sales, and a half-penny in the pound on the net profits. Of course, the farthing in the pound on the gross sales provides by far the greater part of the fund, and the resulting distribution is therefore only Profitsharing in the sense that the fund is taken out of profits; only a small fraction of the fund varies with the amount of the profits. In such cases the system is, in the main, not so much Profitsharing as a system of partial remuneration by commission on sales, such as is practised very largely in private distributive businesses. It is even possible that in some cases this bonus (or commission) may be taken into account in the payment of salaries, a manager or assistant consenting to receive a smaller (nominal) salary than he would otherwise ask and obtain, in consideration of the payment of this bonus; just as he might accept a reduced salary, under similar conditions, in an ordinary distributive business.\*

A detailed examination of the position of Profit-sharing in the various types of co-operative society follows.

Co-operative Societies may be divided into four main groups, viz.: -(i.) Industrial, (ii.) Agricultural, (iii.) Banking, Credit and Insurance, (iv.) Housing and Building Societies. † two classes of Co-operative Societies, from the nature of the operations which they carry on, employ only a very small number of persons, and since in regard to such organisations the question of Profit-sharing and Labour Co-partnership may be considered to possess relatively less importance, this part of the Report will be concerned exclusively with (a) Industrial and (b) Agricultural Co-operative Societies. Moreover, as the present Report is solely concerned with the relations between employers and workpeople, those classes of Co-operative Societies which employ a relatively insignificant number of workpeople are not here considered.

The extent to which the methods in question are in operation in the different types of associations of which these two groups are composed varies greatly; and for this reason each type will, in the account which follows, be treated separately.

\* See "Methods of Industrial Remuneration," by the late D. F. Schloss,

footnote on p. 328. † It should be explained that by "Housing and Building Societies" is meant Societies which provide houses or facilitate the acquirement of houses, but do not, as a rule, themselves carry out building operations. A full account of Co-operative Societies of all types will be found in the Report on Co-operative Societies issued in 1912 [Cd. 6045]; see also Labour Gazette for August, 1918, pp. 304 and 305.

# INDUSTRIAL CO-OPERATIVE SOCIETIES.

(1) Associations of Consumers.

# (a) Retail Distributive (Store) Societies.

Profit-sharing with Employees.

The number of the Co-operative Retail Distributive (Store) Societies at the end of 1918 was 1,384, of which only 103, or approximately  $7\frac{1}{2}$  per cent., gave any share in profits to their employees. In regard to those Store Societies which have given a share in their profits to their employees, the addition made to the remuneration of the employees by the bonus on wages which they have received is shown in the Table below:—

RATIO OF BONUS TO WAGES IN PROFIT-SHARING RETAIL DISTRIBUTIVE (STORE) SOCIETIES, 1911-1918.

(Compiled from Returns made to the Co-operative Union, to the Ministry of Labour, and to the Chief Registrar of Friendly Societies.)

Year.		Number of Societies		r of Profit- rees at end		Ratio of Bonus to Wages and Salaries.		
		sharing Profits at end of year.9	Distribu- tive Depart- ments.	Pro- ductive Depart- ments.	Total.	Distribu- tive Depart- ments,	Pro- ductive Depart- ments.	Both Depart- ments together.
Averag	e of					Per cent.	Per cent	Per cent
1901-		220	13,212	2,506	15,718	5.1	5.0	5.1
1911		192	14,410	3,086	17,496	4.4	4.5	4.4
1912		185	13,816	3,029	16,845	4.4	4.5	4.4
1913		179	14,324	3,107	17,431	4.4	4.5	4.4
1914		176	14,761	3,225	17,986	4.5	4.6	4.5
1915		167	15,866	3,270	19,136	4.3	4.3	4.3
1916		142	14,629	3,272	17,901	4.6	4.4	4.6
1917		137	15,255	3,103	18,358	4.0	3.7	3.9
1918†		103	14,428	3,150	17,578	4.0	3.4	3.8

Note.—A Society is not included in the Table for any year in which it did not

allot a sum to employees.

\* Most of these Societies share profits both with the distributive and with the productive employees, but a few Societies in each year share profits with productive employees only.

† The figures for 1918 are provisional, and subject to correction.

It will be seen that the number of "Store" Societies practising Profit-sharing has steadily and (especially since the war) rapidly declined, the number in 1918 being only 103, as compared with an average of 220 in the ten-year period 1901-10. Owing to the growth of the individual Societies, however, the total number of employees in receipt of a profit-sharing bonus has remained almost unchanged.

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The ratio of bonus to wages also shows a decline as compared with the average of the ten years 1901-10. It was then almost exactly 5 per cent.; for the next six years (1911-16) it stood at about 4½ per cent., with very little variation; but during 1917 and 1918 it has sunk to 4 per cent., or even less.

### Shareholding by Employees.

The membership of Retail Distributive Societies, as of Cooperative Societies of every type, is invariably open, subject to election by the Committee of Management, so that there is no difficulty in the employees becoming shareholders, and it is believed that in most cases they do so. In regard to the extent of the control capable of being exercised by the employees at meetings of the shareholders, it must be borne in mind that the rule in these Societies is one member one vote, irrespective of the number of shares held by each. As to their direct influence upon the proceedings of the Committee of Management, it may be stated that it is very unlikely that in any appreciable number of cases employees of a Store Society would be found to have seats on its Committee.

## (b) Wholesale Societies.

# Profit-sharing with Employees.

The English Co-operative Wholesale Society, which at the end of 1918 employed 3,796 persons in its distributive and 17,366 in its manufacturing departments,\* does not now share profits with

its employees.

On this Society deciding in 1873 to establish its own workshops for production, the members, upon the recommendation of the Committee, adopted a scheme under which a bonus was to be paid to the employees based partly upon the profits made by the Society and partly upon an increase in sales. When the dividend upon purchases paid to members reached 2d. in the £, the employees were to receive a bonus of 2 per cent. upon their wages, and an additional  $\frac{1}{2}$  per cent. for each increase of  $\frac{1}{2}d$ . in the £ in the dividend upon purchases, until the bonus upon wages reached a maximum of 4 per cent. In addition, when the sales of the Society for the year averaged £2 per quarter per head of the total membership of the shareholding societies, a further bonus of 1 per cent. upon wages was to be paid, with an additional 1 per cent. for each increase of 2s. 6d. per head in the average sales up to a maximum of 3 per cent. upon wages. arrangement applied to all employees of the Society, whether engaged in its productive or its distributive departments. In 1876 the Committee of the Society reported that the bonus

\* The English Wholesale Society carries on the following industries:—Building, the manufacture of textiles, boots and shoes, and other clothing, printing and bookbinding, woodworking, furnishing and brushmaking, the manufacture of soap, candles, starch, margarine, etc., flour milling, the manufacture of biscuits, sweets, preserves, pickles, and other food, and of tobacco, as well as farming and dairying, and coalmining.

system had not given satisfaction, and recommended its dis-

continuance, this course being adopted at a general meeting of delegates by 150 votes to 78.

In 1882 the Committee introduced into certain departments a system under which a bonus was to be paid based upon an increase in sales and a decrease in expenses, subject to a certain minimum of profit being shown on the working of the department. This was extended to a larger number of employees during 1885; but in 1886 the Committee again reported adversely upon the scheme, with the result that it was abandoned, and no further steps have been taken as regards Profit-sharing with employees.

The Scottish Co-operative Wholesale Society, which carries on similar undertakings to the English Society, adopted Profitsharing in 1870. The scheme then adopted provided that its employees (all of whom were at that time employed in distribution) should receive a bonus on their wages at double the rate of dividend paid to members on purchases. In 1883 the Society commenced production, and in 1884 the old arrangement as to bonus was replaced by a new scheme which established a differential rate between workers in the distributive and in the productive departments. Under this, the distributive employees received a bonus at the same rate as the rate of dividend on members' purchases; while the rate of bonus to productive workers was determined by the net aggregate profit made in the manufacturing departments only. This arrangement was again revised in 1892, when the Society decided to pay to all its employees, whether employed in its distributive or its productive departments, a bonus on wages at the same rate as the dividend on purchases paid to members: it was required, however, that one-half of each worker's bonus should be retained and placed to his credit in a special fund, called the Bonus Loan Fund, which received interest at the rate of 4 per cent. per annum. Except with the consent of the Committee, deposits in this Fund were only withdrawable after the expiration of three months from the date of the employee leaving the service of the Society.

The scheme was brought to an end in 1915, under the following circumstances. A motion for the cancellation of the rule regarding the payment of a bonus on wages to the Society's employees was submitted at the quarterly general meeting of the Society in September, 1914, and agreed to; and the cancellation was confirmed at the next general meeting in December of the same year by the necessary two-thirds majority. The amended rule was duly registered, and payment of the bonus discontinued in the February following. At a subsequent general meeting, however, it was decided to continue a payment at the rate of 8d. in the £ on wages (the rate at which the bonus had normally in the £ on wages (the rate at which the bonus had normally been paid) to the workers who had been in the employment of the Society at the date of the withdrawal of the scheme, by way of compensation.

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The reasons given for the withdrawal of the scheme are as follows:-

"Briefly the principal points adduced in the discussion "in favour of the proposed alteration were to the effect that "the payment was inequitable, in so far that it did not "apply generally to the employees in retail Societies "throughout the country, and therefore the latter Societies "considered it wrong in principle; further that the aims "and objects of co-operation were payment to the workers "of Trade Union rate of wages, the best possible conditions "of labour, and as large a share of the profits to all the "members as was compatible with market prices, in which "all could participate through the ordinary channel of "membership in a Retail Co-operative Society, and any "deviation from which, it was contended, was preferential "treatment and a departure from the principles and pur-"poses of the movement. It was argued further, in "support of the proposal for abolishing payment of bonus, "that the C.W.S. in England did not pay bonus to their " workers.

The number of the Society's employees at the end of December, 1914, was 9,218, of whom 6,475 were in the productive and 2,743 in the distributive departments. The total amount paid in bonuses from the starting of the scheme in 1870 to its termination was £265,690.

Unlike the English Co-operative Wholesale Society (whose membership is confined to Societies registered under the Industrial and Provident Societies Acts or under the Companies Acts), the Scottish Co-operative Wholesale Society admits its employees to membership. Since the year 1892 they have been permitted to become holders of from five to fifty shares of £1 each, and they are entitled to send one representative to the general meetings, with an additional representative for every 150 employees who become shareholders, each representative having one vote. No employee, however, can hold any office on the Committee or be an auditor of the Society.

At the end of 1918, 675 of the employees, out of a total of 8,754 (including employees on Army service), were shareholders, holding 25,791 shares, upon which £23,630 was paid up; and, in addition, £16,177 of loan capital of the Society belonged to its employees, members and non-members together, the balance sheets not showing separately the amount belonging to each class. This £16,177 was the balance remaining at their credit in the "Bonus Loan Fund," referred to above. The number of votes which the employees are entitled to give at meetings of the shareholders through their delegates is at present five.

The amount of the addition to wages made by the Profitsharing bonus received by the employees of the Scottish Wholesale Society in the years 1911-15 was as follows:—

# RATIO OF BONUS TO WAGES IN SCOTTISH CO-OPERATIVE WHOLESALE SOCIETY, 1911-1915.

Year.	Number of Em- ployees sharing in Profits,	Ratio of Bonus to Wages and Salaries.	Year.	Number of Em- ployees sharing in Profits. Ratio of Bonus to Wages and Salaries,
Average of 1901-10	6,989	Per cent.	1913 · 1914 ·	0.010 9.5
1911 1912	8,332 8,500	3.3	1915*	Posses awaters

<sup>\* £2,479</sup> was allotted to employees as bonus on wages up to 6th February, 1915, when the practice of paying bonus on wages was abolished.

#### (c) Productive Societies.

The 47 consumers' productive societies in existence at the end of 1918 consisted of six corn mills, 19 bread-baking societies, and 22 societies engaged in building, printing, laundry work, dyeing and cleaning, mineral water manufacture, and various other industries. Of the 47 societies included in this group only three allotted any share in their profits to their employees. The total number of employees who thus participated in profits in 1918 was 1,585, and the bonus which they received represented on the average an addition to their wages of 4.9 per cent.

The largest of these profit-sharing consumers' productive societies is the United Baking Society, of Glasgow, which is a Federation of 211 societies, and now employs 1,571 workpeople.

The average weekly output of the Central Bakery, McNeil Street, Glasgow, in 1918, was half a million 2-lb. loaves; 23,000 8-lb. tins of biscuits; and 20 tons of oatcakes.

The amount of the bonus distributed by the Society to its work-people in 1918 was equivalent to 5 per cent. on their wages and salaries for the year. The bonus to employees is at the same rate per cent. on earnings as the "dividend" on purchases to the constituent societies.

Eight hundred out of the 1,571 employees of the Society are members of the employees' "Bonus Investment Society," which collectively owns 10 per cent. of the share capital. The remaining capital is provided by the constituent societies, viz., Bread Societies, 56 per cent.; Biscuit Societies, 34 per cent. There are no individual shareholders, either employees or others. The Investment Society are entitled to nominate representatives to the annual meeting of the Bakery, at the rate of one representative for every five hundred £1 shares, until they reach the maximum of twenty-five votes. They are also entitled to nominate a member to serve on the Managing Committee of the Bakery, but they have never yet succeeded in getting a representative on this Committee.

The scheme has been in existence for fifty years, and the total amount of the bonuses that have been distributed to the employees is now over £163,811. It is only within the last 27 years, however, that employees have been able to invest their surpluses, through the Bonus Investment Society, in the Bakery. There is a tacit understanding that employees shall invest at least a quarter of their bonus in the shares of the Bakery, and this is almost exactly the proportion which has, in fact, been so invested by the employees, on the average, during the last two years.

# (2) PRODUCTIVE ASSOCIATIONS OF WORKERS.

Unlike the Societies dealt with in the previous section, which are formed and managed primarily in the interests of consumers, the productive associations of workers are formed and managed primarily in the interests of the persons employed. They are in the main an attempt by the workers in various industries to substitute for the ordinary conditions of employment by an individual capitalist or a Joint Stock Company a system under which the members of the Societies work in a factory or workshop either rented by, or belonging wholly or in part to, themselves, under conditions of labour decided upon by the members, and carried out under the direction of a manager and committee elected by them, the profits of the undertaking being distributed as the members, in general meeting assembled, may decide.

In 1918 there were 76 associations of this general character at work in the United Kingdom. Four of these were of a special type known as "Home Industries" Societies, all in Ireland; none of which allotted any sum as bonus to their employees out of profits. As they are somewhat different in character from the other "Productive Associations of Workers," they are omitted from the following tables.

There has been a great decline in the number of these Societies since the issue of the last Profit-sharing Report in 1912. In the interval, six Societies of this type have been both registered and dissolved, and six others, which are still in existence, have been On the other hand, in addition to the six Societies which have been both registered and dissolved in the interval, three Societies have been absorbed by the (English) Co-operative Wholesale Society, and no fewer than twenty-three others have been dissolved. The decline in the number of these Societies has, in fact, been almost continuous since the year 1904, when the number stood at 125. Those now remaining, however, are often the larger and more prosperous and well-established Societies, so that the number of employees remains at nearly a uniform level; while the sales and profits of these Societies, especially during the war, show very large increases. The increase in sales is no doubt largely due to the general rise in prices.

The principal statistics of the 72 Societies of this group remaining in existence in 1918 (omitting the four "Home Industries" Societies) are as follows:—

PRODUCTIVE ASSOCIATIONS OF WORKERS—SUMMARY BY INDUSTRIES, 1918.

(Compiled from Returns made to the Ministry of Labour and to the Chief Registrar of Friendly Societies.)

				-				
	So- cieties	Membe	rship.		Capital.			
Industries.	at end of year.	Indi- viduals.	So- cieties.	Share.	Loan,	Reserve and In- surance.	Sales.	Profit.*
				£	£	£	£	£
Building	1	40	_	547	406	76	828	72
Metal, Engineer-	6	709	124	17,090	4,501	17,502	110,284	8,192
ing, etc.								
Textile	10	9,284	1,235	184,953	182,355	39,185	1,085,068	59,860
Boot and Shoe	19	4,275	1,141	109,593	115,184	100,496	1,111,522	96,380
Other Clothing	4	2,479	892	69,820	45,551	48,045	643,780	68,161
Printing and Allied Trades.	19	2,866	525	81,850	33,042	32,715	451,958	51,871
Woodworking and Furnish-	6	289	139	21,856	49,785	3,449	52,230	1,986
ing. Food Prepara-	2	427	541	45,375	28,008	9,881	204,352	13,330
Bassdressing, Mat and	1	64	-	227	591	2,707	12,134	2,591
Brushmaking.				000	201	100	1019	715
Leather	1	14	1	209	201	480	4,012	638
Miscellaneous	3	1,034	1	5,514	5,974	2,247†	5,835	033
Total	72	21,481	4,599	537,034	465,598	252,289	3,682,003	303,796

<sup>\*</sup> The amounts in this column are the amounts of the profits before dividend on the share capital has been paid.

† Deficit.

It will be seen that the trades in which Societies of this type are most in evidence are the boot and shoe and other clothing trades, the textile trades, and the printing and allied trades.

### Profits and Profit-Sharing.

In these Societies the profits realised are devoted in the first instance to paying a fixed rate of interest (frequently 5 per cent.) on the shares; out of the balance sums are usually added to Reserve Funds, including Accident, Compensation and Insurance Funds; a dividend on purchases is in many cases paid to the customers of the Society; capital in some cases gets a further share in profits over and above the fixed rate of interest; and a portion of the profits, varying in different cases, is usually allotted to the employees in the shape of a bonus upon the wages earned by them, this bonus being wholly or in part capitalised as shares in the Society, entitling the holders to participate in the management of the concern: in addition, in a considerable number of

Societies, amounts are allotted out of profits to Provident Funds for the benefit of their employees. The goods produced by these Societies are in the main sold to retail Distributive Societies, which frequently provide a considerable portion of the capital employed, and which share in the management by means of delegates elected to the management committees of the Societies.

The number of the Workers' Productive Societies which in the years 1911-18 shared profits with their employees, the number of their employees participating in profits, the ratio of bonus to wages, and the amounts allotted out of profits to Provident Funds for the benefit of employees, are shown in the Table which follows:—

PROFIT-SHARING BY PRODUCTIVE ASSOCIATIONS OF WORKERS, 1911-1918.

(Compiled from Returns made to the Co-operative Union, to the Ministry of Labour, and to the Chief Registrar of Friendly Societies.)

	All Societies	s together.	Societies which shared Profits with their Employees					
Year.	No. of Societies at end of year.	No. of Employees at end of year.	No. of Societies* which paid Bonus on Wages in year.	No. of Employees receiving Bonus on Wages in year.	Ratio of Bonus to Wages of Partici- pants in year.	No. of Societies* which allotted Sums to Provident Funds in year.	Amount allotted to Provident Funds in year.	
Average of 1901-10	100	6,756	41	4,453	Per cent.	20	£ 1,437	
1911 1912 1913 1914 1915	89 85 85 85 78	7,190 7,631 7,917 8,002 7,826	41 41 40 37 36	5,014 5,988 5,851 6,120 - 6,277	5·1 4·9 5·2 5·5 7·6	23 24 27 27 27 25	3,326 3,950 4,992 <b>4</b> ,045 5,242	
1916 1917 1918	77 74 72	7,590 7,316 7,139	40 42 44	6,039 5,906 5,831	8·0 7·4 8·2	29 31 32	5,649 6,513 8,484	

<sup>\*</sup> Some of these Societies paid bonus on wages and also allotted sums to-Provident Funds; this was the case with 26 Societies in 1918.

It will be seen that, though the total number of Productive Associations has steadily declined, the number of Associations practising Profit-sharing has been maintained at a nearly uniform level; it was, indeed, higher in 1918 than in any previous year since 1908. Forty-four of the 72 Societies included in the Table allotted a share in their profits to their employees in 1918: 18 of these paid a bonus on wages only, and 26 both paid a bonus on wages and also allotted sums to Provident Funds for the benefit of their employees. Six other Societies credited the whole of the employees' share in profits to Provident Funds.

Share of Employees in Membership, Capital and Control.

The extent to which the employees share in the membership, capital and control of these Productive Associations of Workers, is shown in the four Tables which follow:—

PRODUCTIVE ASSOCIATIONS OF WORKERS—SHARE OF EMPLOYEES, OTHER INDIVIDUALS, AND SOCIETIES, IN THE MEMBERSHIP, 1911-1918.

(Compiled from Returns made to the Ministry of Labour.)

	Number of							
Year.	Societies to which the	Emp	loyees.	Other In	dividuals.	Soci	ieties.	Total Member-
	particulars relate.	No. Percentag		No.	Per- centage.	No. Per- centag		ship.
Average of 1901-10.	89	3,502	19.0	11,352	61.6	3,556	19.4	18,410
1911 1912 1913 1914 1915 1916 1917	77 76 76 78 71 72 69 67	3,852 3,964 4,365 4,679 4,655 4,696 4,819 4,826	20·3 20·8 21·7 21·2 20·5 19·5 19·1 18·7	11,627 11,755 12,183 13,536 14,143 15,132 15,884 16,459	61·1 61·6 60·6 61·2 62·3 62·8 62·8 63·7	3,537 3,355 3,546 3,897 3,902 4,277 4,576 4,534	18·6 17·6 17·7 17·6 17·2 17·7 18·1	19,016 19,074 20,094 22,112 22,700 24,105 25,279 25,819

It will be seen that the proportion of employees to the total membership was apparently on the increase up to the outbreak of war. The slight decline since then may presumably be attributed in part to the war.

It should also be noted that, though the apparent voting strength of the employees was less than 20 per cent., their actual voting strength is really greater than appears, since proxy voting is rarely allowed, and employees are more likely to be on the spot than the "other individuals."

PRODUCTIVE ASSOCIATIONS OF WORKERS—NUMBER AND PROPORTION OF EMPLOYEES WHO WERE AND WHO WERE NOT MEMBERS, 1911-1918.

(Compiled from Returns made to the Ministry of Labour.)

			Number of Societies to	Employ were M	ees who embers.	Employees not Me	who were mbers.	Total Employees.	
Year.			which the particulars relate.	Number.	Percent-	Number.	Percent- age.	Employees.	
Averag	ge of	1–10.	89	3,502	. 55.4	2,815	44.6	6,317	
1911 1912 1913 1914 1915 1916 1917 1918			77 76 76 78 71 72 69 67	3,852 3,964 4,365 4,679 4,655 4,696 4,819 4,826	56.9 59.2 62.2 61.0 61.5 62.6 66.4 68.2	2,918 2,737 2,654 2,986 2,914 2,805 2,435 2,249	43·1 40·8 37·8 39·0 38·5 37·4 33·6 31·8	6,770 6,701 7,019 7,665 7,569 7,501 7,254 7,075	

It will be seen that the proportion of employees who are members shows a marked increase, especially in the last two years, and exceeded 68 per cent. in 1918.

PRODUCTIVE ASSOCIATIONS OF WORKERS—SHARE OF EMPLOYEES, OTHER INDIVIDUAL MEMBERS, SOCIETIES, AND NON-MEMBERS IN SHARE AND LOAN CAPITAL, 1911–1918.

(Compiled from Returns made to the Ministry of Labour.)

					Cap	ital held	by			
Year.	No. of Societies to which the particu-	Employees.		Other individual Members.		Societies.		Non- Members (Loans).*		Total share and
	lars relate.	Amount.	Per- cent- age.	Amount.	Per- cent- age.	Amount.	Per- cent- age.	Amount.	Per- cent- age.	loan capital.
Average		£		£		£		£		£
of 1901–10	89	74,695	12:2	219,391	35.9	257,659	42.1	59,894	9.8	611,639
1911	77	87,886	13.9	219,616	34.7	271,057	42.9	53,767	8.5	632,326
1912	76	94,819	15.1	222,774	35.5	250,768	39.9	59,869	9.5	628,230
1913	76	96,106	14.2	242,101	35.8	276,085	40.9	61,740	9.1	676,032
1914	78	109,331	14.7	264,548	35.2	310,680	41.7	60,354	8.1	744,963
1915	71	123,952	16.1	284,614	37.0	302,727	39.3	58,749	7.6	770,042
1916	72	141,129	16.9	310,615	37.2	315,607	37.8	67,143	8.1	834,494
1917	69	157,124	17.7	340,505	38.3	321,597	36.1	70,613	7.9	889,839
1918	67	175,729	18.2	371,376	38.4	341,464	35.3	78,637	8.1	967,206

<sup>\*</sup> Including Bank overdrafts.

PRODUCTIVE ASSOCIATIONS OF WORKERS—PROPORTION OF MEMBERS OF COMMITTEES OF MANAGEMENT WHO WERE RESPECTIVELY EMPLOYEES, OTHER INDIVIDUAL MEMBERS, AND REPRESENTATIVES OF SOCIETIES, 1911–1918.

(Compiled from Returns made to the Ministry of Labour.)

	Number of	Numbe	Number and Proportion of Committee-men who were						
Year.	Societies to which the	Employees.		Other Individual Members.		Representatives of Societies.		Total Com- mittee-	
	particulars relate.	No.	Per- centage.	No.	Per- centage.	No.	Per- centage.	men.	
Average of 1901-10.	89	309	38.9	342	43.0	144	18.1	795	
1911 1912 1913 1914 1915 1916 1917 1918	77 76 76 78 71 72 69 67	263 267 265 272 257 265 274 275	38·0 40·0 39·8 38·4 39·3 39·6 41·5 43·3	284 283 287 288 263 267 255 240	41·0 42·4 43·1 40·7 40·3 39·9 38·6 37·8	145 118 114 148 133 137 131 120	21·0 17·6 17·1 20·9 20·4 20·5 19·9 18·9	692 668 666 708 653 669 660 635	

The two preceding Tables show a very marked increase in the employees' capital holdings, which exactly doubled between 1911 and 1918: this was accompanied by a considerable increase in the proportion of the total capital held by employees, and in the percentage of employees who were members of the committees of management. There is, however, a great variation in the practice of the several Societies in regard to the admission of employees on the managing committees. The returns received give the following results:—

In 17 Societies, with 31.5 per cent. of the total sales of the 67 Societies, the employees were not represented on the managing committees at all;

In 27 Societies, with 25.8 per cent. of the sales, some of the committee-men, but not a majority, were employees:

In 23 Societies, with 42.7 per cent. of the total sales, employees formed the majority of the managing committees: 16 of these Societies were engaged in the manufacture of boots and shoes.

It may be of interest to give, as an example of one of the more successful of these Productive Associations of Workers, a detailed account of one of them, viz.: the

### CO-OPERATIVE PRINTING SOCIETY, LIMITED.

The Society was established in 1869, by a small group of working men, chiefly operative printers and co-operators; and its first Committee consisted of representative co-operators and trade unionists engaged in the printing industry. The business was at first confined to Manchester, but grew very rapidly; and within three years from the starting of the business it was decided to erect printing works in Manchester for the Society's own use, and to establish a branch in Newcastle. A few years later (1875) it was decided to alter the name of the Society from "The North of England Co-operative Printing Society, Ltd.," to its present title. The London Branch was opened in 1886; and the Society decided to erect new printing works in Newcastle and in London in 1892 and 1893 respectively. In 1875 the Society had purchased the premises it occupied at Highbridge, Newcastle-on-Tyne.

For some years after 1874 the Society passed through a time of some difficulty, partly owing to bad management, and partly owing to the general industrial depression of 1879; but from 1884 to the present time, and particularly during the last fifteen or sixteen years, the Society has been very prosperous.

The Society has from the first had the support of the Trade Unions and the Co-operative Societies, both as shareholders and as customers; in fact it has comparatively little custom outside these bodies. At the present time, Trade Unions and Co-operative Societies are the largest shareholders, the others being employees and other co-operators, many of whom have succeeded to the shares held by the founders of the Society.

The Society adopted the system of sharing profits with its employees from the outset. At first the bonus was calculated as follows: interest on loans was paid at a rate not exceeding six per cent.; then a dividend at the rate of seven per cent.; and the remaining net profits, if any, were divided equally between the shareholders and the employees in such a way that the shareholders received a supplementary dividend on the amount of their shares, and the employees a bonus of equal amount on their wages or salaries. For example, in the second half-year of the Society's working, when the total dividend to shareholders was ten per cent (i.e., fixed dividend of seven per cent., plus supplementary dividend of three per cent.), the employees received a bonus equal in total amount to the three per cent. upon the paid-up share capital.

In 1872 the basis of distribution was altered, the alteration becoming operative in 1873. The rate of dividend to shareholders was raised to 7½ per cent., and the remaining net profits were divided into three equal parts, apportioned to the shareholders, to the employees, and to customers, respectively.

In 1891, however, the Society adopted a new method, and since that date has paid the same rate of dividend on wages, on purchases, and on capital. In 1893, the fixed rate of dividend on capital was reduced to five per cent. (the rate now generally adopted by Co-operative Societies of all descriptions), which, of course, considerably increases the amount falling due to the employees as bonus.

The Society had about 550 employees at the 31st December, 1918. During the fifty years of its existence it has distributed £29,040 in bonus among its employees; for the last ten years (1909-1918 inclusive) the bonus has averaged over three per cent. on wages.

Employees are not obliged to invest any of their bonuses in the Society's shares, but many of them are in fact shareholders. The amount invested by employees in the Society's shares would no doubt be larger but for (i) the limit of ten on the number of shares allotted to employees, and (ii) the unusually favourable terms allowed to employees who leave their bonuses in the Society's Thrift Fund. The Society adds 10s. to every £1 paid in by the depositor, and pays 5 per cent. interest both on the employees' deposits and on its own additions thereto. Depositors can withdraw the amount standing at their credit on leaving the Society. If they leave before the end of five years they receive their own contributions only; if they leave after serving five years, but less than ten years, they receive their own and one-half of the

Society's contributions; and if they have served ten years they receive all the Society's contributions as well as their own. Special provision is made for females, who can withdraw all the amount standing to their credit if they leave after serving seven years.

The Society has always made good conditions for its workers one of its guiding principles. It was the pioneer in the printing trade in the United Kingdom, first of the 52-hours and afterwards of the 48-hours week; the 48-hours week has been in force in the Society's works for eighteen years past. All the employees get at least the Trade Union minimum rate of wages; the great majority get something over the minimum.

By way of celebrating the jubilee of the Society a Pension Fund has been established. The fund was started with a sum of £11,000 transferred from the Society's Benevolent Fund, to which a further sum of £5,000 was added, as a direct contribution from the Society itself, at the shareholders' meeting held in November, 1919. It is proposed to make a contribution every half-year, should the profits permit, at the rate of £2,000 per annum, or such other sum as may be voted by the shareholders' meeting; but the Society are not to be bound to make any such contribution. The funds are to be invested in trustee investments, and not in the Society's business.

Employees may retire at the age of 61, with the consent of the directors; and must retire at 65, except with such consent. The proposed rate of pension is to be one-third of the employee's average earnings during the last five years of employment in the case of those who have served for at least 40 years; with proportionately smaller amounts for those who have served for 30 but less than 40 years. The pension may be reduced by the directors if a national pension scheme is introduced under which the employees could claim benefits; and no pension is to be granted if the funds are insufficient. Pensions may also be withheld, in certain cases, at the discretion of the directors. On the other hand, the directors have power, in special circumstances, to increase the pension which would be payable under the strict rules of the scheme.

# AGRICULTURAL CO-OPERATIVE SOCIETIES.

PRODUCTIVE SOCIETIES.

The number of Agricultural Productive\* Societies in existence at the end of each of the years 1911-16,† the number of these Societies which in these years shared profits with their employees, the number of the employees of these Societies, and

† Particulars regarding the agricultural co-operative societies cannot be given for a later date than 1916.

<sup>\*</sup> Profit-sharing is also carried on by some agricultural distributive societies, but only to a very small extent; and it has not been thought necessary to give particulars of the distributive societies in this Report.

140 PROFIT-SHARING, &C., IN CO-OPERATIVE SOCIETIES.

the ratio which the bonus received by them bore to their wages, are shown in the Table which follows:—

PROFIT-SHARING BY AGRICULTURAL PRODUCTIVE SOCIETIES, 1911-1916.\*

(Compiled from Returns made to the Ministry of Labour, to the Chief Registrar of Friendly Societies, and to the Irish Agricultural Organisation Society.)

					Societies wh	Societies which shared Profits with their Employees.				
Year.				Total Number of all Societies at end of Year.	Number of Societies which paid Bonus in Year.	Number of Employees receiving Bonus on Wages in year.	Ratio of Bonus to Wages of Participants in Year.			
Avera	ge of	1901-	10	261	29	181	4.5			
1911				338	51	372	5.6			
1912				352	55	316	6.6			
1913				368	67	432	5.4			
1914				383	61	435	5.6			
1915				389	67	488	6.3			
		•••	•••	387	79	484	8.2			
1916		***		301	10	701	0 2			

It will be seen that, taking all the Societies comprised in this grou together, the element of Profit-sharing with employees has not, so far, played a very important part in the organisation of the Agricultural Productive Societies, as only slightly over 20 per cent. of the Societies share any of their profits with their employees. This proportion, however, is higher than in any previous year, and compares with an average of 11 per cent. in the ten years 1901–10. The number of employees receiving bonus, and the ratio of bonus to wages, also show an increasing tendency, the ratio in 1916 being 8.2 per cent., or nearly double that of the average of 1901–10.

Among these Societies the principal group is formed by the Irish Dairying Societies, 318 in number in 1916, with aggregate sales of £4,713,439, or 84.3 per cent. of the total sales of the whole of the Agricultural Productive Societies in the United Kingdom. The profits made by these 318 Irish Societies in 1916 amounted to £71,073, out of which £1,580 in all was paid by 68 Societies to their employees as bonus on wages, to which it made an average

addition of 7.6 per cent.

With respect to shareholding by employees, the rules of the Irish Agricultural Productive Societies provide that the share in profits falling to the employees shall be accumulated as shares in the Societies; and in those cases in which a share in profits has been paid to the employees, it may be presumed that there are a certain number of employee-shareholders. In Great Britain, on the other hand, the bonus is paid in cash; and, both in Ireland and in Great Britain, it does not appear that in any considerable number

<sup>\*</sup> Particulars regarding the agricultural co-operative societies cannot be given for a later date than 1916.

of cases employees are members of the Society by which they are employed, nor that the employees are, to any very appreciable extent, represented on the Committees of Management of these Agricultural Productive Societies.

# CONVERSION OF ORDINARY BUSINESSES INTO CO-OPERATIVE SOCIETIES.

In the great majority of cases the industrial Co-operative Societies are undertakings initiated, and from their commencement owned and managed, mainly or entirely, by working-men. But in a few cases undertakings originally established by employers in the ordinary way have, by the admission of the workpeople employed to a very extensive share in the profit, capital, control, and responsibility, and by the adoption of co-operative principles of organisation, been converted into Co-operative Societies. A short account of three cases in which a change of industrial organisation of this nature has taken place will be of interest in connection with the subjects dealt with in the present Report.

#### William Thomson and Sons, Ltd.

The best known example is that of the business of woollen and worsted manufacturers carried on under the name of William Thomson and Sons, Limited, at Woodhouse Mills, Huddersfield. The owner of this concern, Mr. George Thomson, turned it, in October, 1886, into a society, which was registered under the Industrial and Provident Societies Acts.

The property was taken over from the firm by the new society at a valuation of £19,713, including £10,628, value of raw materials and unfinished and finished stock, £4,226, book debts, and £4,859, value of machinery and fixtures. It was paid for partly in shares but mainly in loan stock, carrying 5 per cent. interest and repayable only if such interest should not be paid for two consecutive years.

After providing for interest on loans and for depreciation (at the annual rate of 10 per cent. for fixtures and 2½ per cent. for buildings), the rules of the society provide\* that the dividend on the shares shall be limited to 5 per cent.; but if at any time the profits of the business do not allow of such dividend being paid in full, the deficit (but without interest) is a first charge on the subsequent profits.

Out of the balance remaining after satisfying the claims of the shareholders the rules require that not less than 10 per cent. shall be carried to reserve, until this fund amounts to 10 per cent. of the capital.

<sup>\*</sup> The Rules are stated in their present form. The provisions in regard to the Assurance and Pension Fund were inserted (with consequential amendments of the other provisions with respect to the division of profits) in 1892.

The Committee may, if they think fit, devote a portion of the profits to a fund to be called the Assurance and Pension Fund against sickness, accident and infirmity, in which case the following scale shall apply:-

(1) Whenever the net profits realised in any year are equal to 5 per cent. of the wages paid during that period, a

sum equal to 1 per cent. of such wages.

(2) For every sum by which such profits are 2½ per cent more than such 5 per cent., an additional sum equal to 1 per cent, of such wages; but so that the total amount thus applied shall not exceed 5 per cent. of the wages paid during such period.

The remaining net profits are to be divided into two equal parts, one-half to go to the employees of the society as a bonus on wages and the other half to the customers of the society as a dividend on purchases.\* The share thus allotted to the employees is to be paid, not in cash, but in shares or payments

on account of shares in the society.

By the rules Mr. Thomson was appointed to be general manager of the society during his life, but owing to ill-health and increasing years he resigned the position on 30th September, 1917. He nominated Mr. F. C. Langley (who had been employed by the firm for 26 years) as his successor, and the appointment was confirmed by a special general meeting of the shareholders. Under the special rules of the society it is declared that the general manager shall "control all business carried on by the society, and engage, remove, or discharge all assistant "managers, salesmen, or employees of every description required "to conduct such business, and fix their duties, salaries, or other "remuneration at such rates, and require them to give security "in any form approved by the committee, as he may determine, "subject to the duty of regularly reporting all such acts to the " committee.'

The committee of the society consists at present of the general manager, Mr. Thomson (honorary member), three employees of the society, two representatives of co-operative societies which hold shares in William Thomson and Sons, Limited, one representative of the Huddersfield District Union of Textile Workers, and the secretary of the General Union of Textile Workers. This committee meets monthly; but those of its members who are employed in the mills act as a sub-committee, meeting as required, and dealing with questions of an urgent nature, such as a breakdown of machinery.

The share capital of the society on the 31st January, 1919, was £15,702; the loan capital, £11,164; reserve fund, £4,861; assurance and pension fund, £584. The number of employees

was 107.

<sup>\*</sup> This dividend on purchases is paid only to the two Co-operative Wholesale Societies, not to general traders, who prefer the usual terms of credit, etc. On account of the arrangements which have been made as to co-operative purchases, the exact equality between the share of the employees in the "remaining net profits" prescribed by the rules is subject to certain variations.

Out of the total (£15,702) of share capital, £3,995 was held by co-operative societies, trade unions, and friendly societies, and £4.679 by the workers; the remaining £7,108 being held by individuals, 269 in number, interested in the co-partnership movement. Of the loan capital, £4,962 is held by trade unions, cooperative societies, and members of Mr. George Thomson's

The society has recently had an opportunity of purchasing the mills, including the premises occupied by the society itself and those occupied by several adjoining concerns. As the society had for some time felt the need of greater freedom for extensions, it decided, in July, 1919, to raise £15,000 in 6 per cent. registered ten-year bonds. A special appeal was made to trade unions, co-operative societies, and other similar institutions to take up bonds. The issue was very quickly taken up, and the purchase of Woodhouse Mills was completed on the 1st August, 1919.

The society's sales were at the outset about £22,500 a year, but they have now risen to nearly four times that amount, being £85,368 in 1918. The profits realised have, during the existence of the society, varied greatly in different years, but the shareholders have received their 5 per cent. all through;\* and it is to be noted that on several occasions in years in which the profits did not suffice to pay this rate in full, the employees voluntarily made good the deficiency out of their wages, the sums thus given up by the workpeople to the shareholders amounting in all to £1,400, which was repaid to the workers out of the profits of the year 1912. After allowing for this amount, the average net addition which the share in profits (bonus on wages plus sums credited to the assurance and pension fund) allotted to the employees has made to their wages since the society was formed has been equivalent to 6 per cent.

With regard to the wages paid by the society, it is to be observed that in 1893 it was decided, at the suggestion of Mr. Thomson, to substitute experimentally for the system of payment by piece-work, usual in the woollen weaving industry, a system of time-wages; † and at the same time to adopt, instead of the hours worked in the trade (then 561 hours per week), a 48-hour week: time-wage payment with a 48-hour week has been in operation in these mills ever since. The minimum weekly

pension allowance is 12s. for men and 8s. for women. It is of interest to note that no married women are employed by the society; those women who, upon their marriage, have worked not less than five years with the society being granted out of the assurance and pension fund a sum of £5, and if not less than ten years, £10.

\* On one occasion 4 per cent. only was paid, but the deficiency of 1 per cent was made up to the shareholders out of profits soon afterwards.

<sup>†</sup> The main objection entertained by the weavers to being paid piece-wages was that they received no remuneration in respect of periods between finishing one job and starting another, this "waiting for warps" causing them considerable disadvantage. The time-wage rates introduced when piece-work was abolished were based upon average earnings in each department during a fairly good year.

It would appear that the position occupied by the workpeople of Wm. Thomson and Sons, Limited, is of such a nature that they identify themselves to a remarkable extent with the interests of the business. The very considerable sums contributed out of their wages by the workpeople in order that the shareholders should not receive less than their usual return of 5 per cent. have already been mentioned.

From the point of view of the management, the fact that the workpeople are directly interested in the business is found to result in their exhibiting increased application and avoiding waste; it also makes the management much less costly, because. as Mr. Thomson has said, "each man and woman becomes his

"or her own manager."

#### Brownfield's Guild Pottery Society, Ltd.

Another case in which an ordinary business has been turned into a co-operative society is that of Brownfield's Guild Pottery Society, Limited. Mr. Arthur Brownfield, the owner of the old-established pottery works of Messrs. William Brownfield and Sons, at Cobridge, in Staffordshire, determined. in consequence of the lock-out which took place in the pottery industry in 1891, but in which his firm was in no way concerned, to place this undertaking upon a new footing by transferring it to a co-operative society, which was registered, under the Industrial and Provident Societies Act, in October, 1892, and com-

menced to manufacture in January, 1893.

The share in the assets of the late firm which belonged to Mr. Arthur Brownfield, the founder of the society, was represented by £6,000 deferred stock, carrying interest at 5 per cent., which was not to confer a right to demand payment of the principal from the society so long as any claim for the payment of the ordinary share capital remained. The capital of the society consisted of £6,690 deferred stock, £7,531 preferred shares, and £932 loan stock. The £6,690 deferred stock included, in addition to the £6,000 belonging to Mr. Brownfield, £690 belonging to employees of the society. Of the 7,531 preferred shares, £251 belonged to employees of the society, £1,410 to trade unions, £1,760 to working potters employed in other works and to railway servants, £650 to 25 co-operative societies, £23 to employees of co-operative societies, £125 to three customers of the Guild Pottery Society, £480 to persons who supplied the society with raw materials, and £2,832 to the general public. The £932 loan stock consisted, in part, of £200 advanced by two managers of co-operative societies, and £50 advanced by a co-operative society, these loans carrying interest at 5 per cent.; while the balance (£682) was advanced without interest by Mr. Brownfield, this sum including £282, part of his salary of £400 a year remaining unpaid.

The total number of persons employed by the society at the start was about 400, of whom 200 (not including Mr. Brownfield) held stock or shares, all the 200 holding deferred stock, while 150 held both deferred stock and preferred shares. The whole of the employees were expected before long to have become owners f

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of at least £1 apiece of deferred stock, as they were taking up this stock by instalments; every week, when the workers were on full time, men paid 5 per cent. on their earnings and women 2½ per cent. It was intended that the holdings of the employees in the deferred stock should be increased until they amounted in the aggregate to £2,000.

The rules provided that the net profits, after providing for the interest and dividend upon any loans or deposits or guaranteed preferential shares, should be applied in reduction of the fixed stock and plant at specified rates, and in the reduction of any preliminary expenses: thereafter share capital was to receive a dividend of 6 per cent.; not less than 10 per cent. of the profits was to be carried to reserve until this fund amounted to 10 per cent. of the capital; not less than 21 cent. of the net profits was to be devoted to an education fund; the society's subscription to the Co-operative Union was to be paid; the committee might devote a certain part of the profits to an assurance and pension fund; then three-fourths of all remaining net profits were to go to all the persons who, during the period to which the division related, had been employed by the society for not less than six calendar months on the whole, the proportion of profits falling due to each person to be determined as the committee might decide from time to timeit was, in fact, distributed in proportion to the weekly wageswhile the other fourth of the net profits was to go to the customers of the society.

All bonus coming to employees was to be in the shape of shares or payments on account of a share in the society. Mr. Brownfield was manager of the society, the rules providing that he could be removed only by the vote of five-sixths of all the members of the association and five-sixths of all the votes capable of being given at a special general meeting. He was to control all business carried on by the society, and engage, remove, or discharge, all assistant-managers, salesmen, or employees of every description, &c., subject to the duty of regularly reporting all such acts to the committee. His remuneration was determined by an agreement made between him and the committee, which was part of the conditions of the purchase of the business.

The committee consisted of 18 members, of whom 16 were persons employed by the society (including Mr. Brownfield, one of the travellers, the art director, the cashier, the stock-keeper and several of the leading operatives), and two were representatives of trade unions (the National Order of Potters and the Pottery Hollow Ware Pressers' Society).

The undertaking was at its outset considerably hampered by having to contend with the prejudice of the former customers of the late firm, who objected to the Guild Pottery supplying cooperative distributing societies, which led to a falling off in operative done. The profits did not suffice to permit of the payment of any bonus to employees in 1894. In 1895 they payment of any bonus at the rate of 1½ per cent. on their wages. In

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1896 no bonus was paid, the profits of the preceding year not having been sufficient to permit of such payment; and in November, 1897, the shareholders passed a resolution to go into voluntary liquidation, in consequence of the society's not being able to meet its liabilities.

#### Haslemere Builders, Ltd.

Another case in which an ordinary non-co-operative business has been converted into a co-operative society is noteworthy in this respect that, prior to this conversion, the employer in question (Mr. Herbert Hutchinson, architect and builder, of Haslemere, Surrey, employing some 150 persons) had for some time had in operation a scheme of Profit-sharing, his employees sharing in the profits of the business, but not owning any part of the capital. The Profit-sharing scheme provided that, as from January 1, 1897, the surplus of the gross profits, after paying wages and salaries, including salaries of managers and principal, and the cost of materials, rent, taxes, insurance, office and travelling expenses, depreciation of plant and other outgoings, should be distributed as follows:—(1) A sum equal to 4 per cent. of the total outgoings in those jobs which should be executed by the firm without the superintendence of another architect, and 80 per cent. of the commission for work surveyed or designed, but not executed, by the firm, and for all agency work, should be divided (in proportions to be agreed between them) between the principal and the two managers by way of extra salary; (2) interest at a specified rate; and (3) a sum equivalent to 31 per cent. of the total outgoings was to be divided between the principal and managers by way of extra salary. The balance was to form a bonus fund, part of which (88 per cent.) was to be distributed in cash, the rest (12 per cent.) being carried to a provident fund for the benefit of the employees; but in no case, unless one or both of the posts of managers should be in abeyance, was the principal to take any share in the bonus fund.

The cash part of the bonus fund was to be divided in the following proportions:—30 per cent. was to go to the managers, 8 per cent. to the foremen, and 50 per cent. to the clerks and workmen, being distributed (save in the case of piece-workers and sub-contractors and their men) in proportion to their wages earned during the year. The accounts of the firm were to be audited and the

division of profits certified by a chartered accountant.

In 1898 the employees received a bonus (cash bonus plus sum credited to provident fund) equivalent to 9.1 per cent. on their salaries and wages, but no distribution of bonus took place in 1899 or in 1900; in 1901 46 employees received a share in the profits earned in 1900 equivalent to a little over 1 per cent. on their wages. Mr. Hutchinson found the results of the profitsharing arrangements "most discouraging." He attributed the unsuccessful financial results of the business to the want of energy and carefulness displayed by his workmen generally (especially on distant jobs); on the other hand, the profit-sharing scheme made many of his men "extremely loyal." At the end

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of 1900 Mr. Hutchinson abandoned Profit-sharing in order to introduce other arrangements. In the spring of 1902 the business was transferred to a co-operative society, which, on March 10, 1902, was registered under the Industrial and Provident Societies Act, 1893, as "the Haslemere Builders, Limited," about 30 of Mr. Hutchinson's employees taking shares therein.

The rules of this society provided that the Committee should issue to Mr. Hutchinson loan stock (up to £15,000) for the purpose of carrying out any objects of the society, and in particular for acquiring the business of Mr. Hutchinson, such stock to carry interest at the rate of £5 per cent. per annum, except that it should not exceed in any year that received by the ordinary shares, and also, when the profits should permit, a share in the profits as hereinafter mentioned; it was not to confer a right to demand payment of the principal from the society except on five years' notice being given, unless by agreement with the society. In case of liquidation, this loan stock was to rank pari passu with ordinary shares. It was to be transferable in amounts of not less than £10 to any person approved by the committee. It was also provided that in the event of the loan stock held by the founder (Mr. Hutchinson) exceeding the total of the paid-up and the accumulated shares (sums credited as shares to capitalise profits; see below), the founder should have the right during the first ten years to buy out the shareholders at a price to be agreed upon between himself and the society, or to be fixed by arbitration.

The Committee of Management was to consist of the founder, as president, the secretary, the manager, and seven committee-men appointed partly by the holders of loan stock and partly by shareholders, in proportion to the relative amounts of loan stock outstanding and of the share capital paid-up or standing to the credit of the members as accumulated shares; provided that the committee-men elected by the shareholders should not in any case be less than two, and should be three whenever the paid-up and accumulated share capital held by the employees and ex-employees of the society should exceed £1,000. Holders of loan stock were among themselves to have one vote for every complete £10 held by them, and no person was to be eligible for the committee unless he held at least £10 share capital, whether as paid-up ordinary shares or accumulated shares, or the two together.

Mr. Hutchinson was appointed president of the society for life, with power to nominate his successor; and so long as the loan stock held by him or his successor should exceed the paid-up ordinary and the accumulated shares taken together, he was to have the right of veto on any resolution of the committee or of the society (but not so as to limit the provisions as to arbitration

in case of disputes contained in the rules).

The division of the profits (after providing for depreciation, interest on loans and reduction of preliminary expenses) was to be as follows:—The shares were in the first place to receive 5 per cent., and if the profits should not suffice to pay this rate on ordinary shares, the deficit was to be made good by writing

off the accumulated shares to the amount required; out of the

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# CONVERSION OF ORDINARY BUSINESSES INTO CO-OPERATIVE SOCIETIES.

balance an amount not exceeding 10 per cent. of the profits was to be devoted to forming a reserve fund to the value of one-tenth of the amount of the society's shares, loans and deposits; a further 10 per cent. was to be paid over to the provident fund and education fund in proportions to be determined by the Committee; while the remaining profit of the society was to form a "dividend fund," to be distributed as follows: -(a) One-third to the holders of ordinary and accumulated shares. and to the holders of special loan stock, in proportion to the paid. up or accumulated amounts of their holdings; (b) one-third to all the employees of the society who should have worked for the society at least 600 hours during the period to which the distribution related, but so that the bonus to labour thus provided should accrue in favour of those employees only who were members of the society, the share of profit which would have gone to the other employees but for their non-membership being paid to the provident fund; (c) one-third to the management. one-third allotted to the management was to be distributed in the proportion of 50 per cent, to the president as remuneration for his services, 15 per cent. to the committee, and 35 per cent. to the manager and foremen, and to others rendering special services to the society, whether members or not; such 35 per cent. to be in addition to their bonus as employees, and to be at the sole discretion of the president, without his having to render any account of the same, and with power to carry any part forward from year to year. Of the shares of dividend allotted under (a) and (b) one-half was to be paid in cash, one-half in accumulated shares of the society.

In its first year the society employed (according to the amount of work in hand) from 120 to 150 persons, of whom at the end of the year (1902) 27 received out of the profits, in the form of cash bonus plus sums credited as shares or to provident fund, amounts equivalent to 4½ per cent. on their wages; in 1903, 33 (out of 120) employees received a little over 3 per cent.; in 1904, 4 per cent. was paid to 44 employees (out of the total of 190 employed in that year); in 1905 no bonus was paid; in 1906, 64 per cent. was paid to 30 member-employees (out of a total of 109 employees); in 1907 a bonus was paid, but neither the ratio which that bonus bore to wages nor the number of participants can be stated; in 1908 and 1909 no share in profits was received by the employees, and in July, 1910, the society went into voluntary liquidation.

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#### APPENDIX A.—EXISTING SCHEMES OF PROFIT-SHARING OR LABOUR CO-PARTNERSHIP (at 31st October, 1919).

- (i.) The classification of schemes in Col. 8 (How Bonus is Paid) is substantially identical with that adopted in the previous Report on Profit-sharing and Labour Co-partnership, issued in 1912; except that, where the bonus is paid into a savings bank or deposit account, withdrawable at short notice, the scheme is classified as "W" (withdrawable bonus) instead of "C" (paid in cash).
- (ii.) Six firms have two separate and independent schemes of Profit-sharing or Co-partnership. In these cases the earlier scheme appears in its proper place, according to date; while the later scheme appears under the same code-number, with the letter (a) attached. The six cases are:—

An "anonymous" firm (Nos. 9 and 9a).

Spillers Milling and Associated Industries, Ltd. (Nos. 49 and 49a).

Wilkin and Sons, Ltd. (Nos. 82 and 82a).

Johnson Bros. (Dyers), Ltd. (Nos. 89 and 89a).

E. S. and A. Robinson, Ltd. (Nos. 105 and 105a).

Walter Somers (1919), Ltd. (Nos. 112 and 112a).

- (iii.) In a few cases the number of employees participating (or entitled to participate) in 1918 was greater than the average number employed during the twelve months preceding the declaration of bonus in that year. This is almost entirely due to the fact that the number participating includes former employees who were serving with H.M. Forces during the whole or part of the twelve months preceding the declaration of bonus in 1918, and who were therefore not included in the number employed, but who nevertheless participated in the bonus.
- (iv.) One scheme (No. 118) is included in which the headquarters of the firm are in the Channel Islands. With this exception all the firms mentioned (except No. 24, for which see footnote (b) on page 152) have their headquarters in the United Kingdom.

THE LETTERS IN COLUMN 8 SIGNIFY AS FOLLOWS:-

C .= paid in cash.

W. = credited to a savings or deposit account from which deposits can be withdrawn at short notice.

P .= paid to a Provident or Superannuation Fund.

S .= invested in the capital of the undertaking.

C.W.=paid partly as C. and partly as W.

C.P.=paid partly as C. and partly as P. C.S.=paid partly as C. and partly as S. W.P.=paid partly as W. and partly as P.

N.B.—"Deposits (P.F.)" in column 10 (nature of investments) indicates sums

Serial Number.	Date of Adoption of Profit-sharing or Co-partnership.	Name and Address of Firm.	Nature of Business,
1.	2.	3.	4.
$ \begin{array}{cccccccccccccccccccccccccccccccccccc$	1865 1866 1870 1874 1875 1876 1878 1878 1881 1912 1882 1883 1884	[Name and address not for publication] Fox Bros. & Co., Ltd., Wellington, Somerset. Colne Fishery Co., Brightlingsea. [Name and address not for publication] Women's Printing Society, Ltd., 31-35, Brick Street, Piccadilly, London, W.1. Tollesbury and Mersea Native Oyster Fishery Co., Ltd., Tollesbury, Essex. Sir W. G. Armstrong, Whitworth & Co., Ltd., Elswick Works, Newcastle-on-Tyne. Cassell & Co., Ltd., La Belle Sauvage, Ludgate Hill, London, E.C.4. [Name and address not for publication] Do. do. do Brooke, Bond & Co., Ltd., Goulston Street, Aldgate East, London, E.1. Fidler & Sons, Royal Berkshire Seed Stores, Reading. Blundell, Spence & Co., Ltd., Hull	Manufacture Woollen manufacture Oyster cultivation Bookbinding, lithography and stationery manufacture. Letterpress printing Oyster merchants and planters Shipbuilding, engineering and ordnance manufacture. Printing, publishing and bookbinding. Manufacture
13	1886	Hazell, Watson & Viney, Ltd., 52, Long Acre, London, W.C.2.	Printing and bookbinding
14	1886	A. Boake, Roberts & Co., Ltd Carpenters	Manufacturing chemists
15	1889	Road, Stratford, London, E.15.  [Name and address not for publication]	Supply
			Paper manufacture
16	1889	[Name and address not for publication]	
17	1889	[Name and address not for publication]	Manufacture of leather board and shoe stiffeners.
	-		

<sup>\*</sup> As one and the same individual may hold investments of different kinds, there is a certain amount of duplication in the figures representing the number of employees holding investments.

The figures include, in many cases, investments apart from the profit-sharing arrangements; but some employers are unable to give any information as to amounts privately

invested by employees.

(a) Profit sharers may leave bonus on deposit with the firm.

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#### PROFIT-SHARING OR LABOUR CO-PARTNERSHIP. 151

THE LETTERS IN COLUMN 8 SIGNIFY AS FOLLOWS :-

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W.S.=paid partly as W. and partly as S.

P.S.=paid partly as P. and partly as S.

S.C. = paid as S. for a prescribed period or until employee has a prescribed holding, then partly as S. and partly as C.

S.W.=paid as S. for a prescribed period or until employee has a prescribed holding, then partly as S. and partly as W.

S.P.=paid as S. for a prescribed period or until employee has a prescribed holding, then partly as S. and partly as P.

P.S.C.=portion of bonus paid as P. and remainder as S.C.

standing in Pension or Provident Funds in the names of individual employees.

1	Number e	welve			In	vestments by Employee	s. <b>°</b>	er.
-	months p declara bonus i	tion of	Number of employees par- ticipating (or entitled to	How Bonus is	No. of employees		Total nominal	Serial Number.
	Perma- nent Average No.)	Casual (Maxi- mum No.)	participate) in 1918.	Paid.	holding Invest- ments.	Nature of Investments.	amount of Invest- ments.	Seri
	5.	6.	7.	8.	9.	10.	11.	12.
1			Aurent				£	
	128	28	127	C.(a)	141	Deposits.	(b)	1
	1,423		828	W.	828	Deposits.	60,600	2 3
1	6(c) 170	110(c)	430(c) 30	C.			_	4
	39	2	39	C.(d)	12	Ordinary Shares.	320	5
	19	82	100	C.	100	Ordinary Shares.	11,800	6
	69,000	_	12,215	w.	12,215	Deposits.	581,908	7
	810	12	810	P.	(e)	Shares. Debentures.	$   \begin{array}{c}     9,540 \\     300   \end{array} $ $   \begin{array}{c}     9,831   \end{array} $	8
1	626	-	575 40	C. }	\ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \	Shares. Deposits.	5,473	{ 9a
	626 1,660	_ _ {	1st half year 827 2nd ,, 867	lap	(b)	(b)	(b)	10
1	(b)	(b)	(4)	(b)	(b)	(b)	(b)	11
	665	-	444	C.	64	Ordinary Shares. Preferred Shares.	5,825 }	12
					345	Shares.	17,200	
	1.400 to	_	220	C.	1,272	Deposits $(g)$ . Provident Fund $(g)$ .	21,010 18,164	13
	1,450(f)				64	Pension Fund (g).	8,725 ) (b)	14
	450	-	(b)	C.	(b)			
	(b)	(b)	(b)	C.	(b) (171	Provident Fund	(b) 4,398)	15
	184	- {	1st half year 188	C.P.	s	and Deposits.  Loans.	404	
	83	_ '	2nd ,, 17.	C.	-	_	T	17
								1

(b) Information not available.

Members of the company are employed in rotation. (d) Employees have the option of taking a third part of their bonus in shares.
(e) Held by Trustees of various Charitable Funds.
(f) Including these coming with the Colours

(f) Including those serving with the Colours.

(g) For further particulars with regard to these investments, see account of scheme on pp. 76-8.

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Serial Number.	Date of Adoption of Profit-sharing or Co-partnership.	Name and Address of Firm.	Nature of Business,
1.	2.	3.	4.
18	1889	[Name and address not for publication]	Manufacture
19	1889	South Metropolitan Gas Co., 709, Old Kent Road, London, S.E.15.	Gasworks
20	1890	Clarke, Nickolls & Coombs, Ltd., Clarnico Works, Victoria Park, London, E.9.	Manufacture of confectionery
21	1890	John Rowntree & Sons, 19-21, Westborough,	Grocers and café proprietors
22 23	1890 1891	Scarborough.  [Name and address not for publication]  [Name and address not for publication]	Flour milling  Tar distilling and benzole refining.
24	1891	Valvoline Oil Co., C12, Exchange Buildings,	Oil distribution (b)
.25	1892	Liverpool (b). Clement Dalley & Co., Ltd., Park Butts,	Corn, etc. merchants
26	1892	Kidderminster. [Name and address not for publication]	Supply and manufacture
27	1893	John Sadd & Sons, Ltd., Maldon, Essex	Timber merchants
28	1894	Guy's Hospital Trained Nurses' Institution,	Nursing
29	1894	14, St. Thomas's Street, London, S.E.1. South Suburban Gas Co., Lower Sydenham,	Gasworks
-30	1894	London, S.E.26. D. Ballantyne & Co., Ltd., March Street Mills, Peebles, and Caerlee Mill, Inner-	Woollen manufacture
31	1895	G. W. Chitty & Co., Ltd., Charlton Mill,	Flour milling and corn grinding
32	1895	Dover. T. Chalmers & Sons, Ltd., Lochmill, Linlith-	Paper making
33	1896	J., T. & J. Taylor, Ltd., Blakeridge Mills,	Woollen cloth manufacture
	1896	Batley. [Name and address not for publication]	Manufacture
35	1899	Wyles Bros., Ltd., East Street, Derby	Wholesale and retail boot and shoe factors.
36	1900	Foster, Sons & Co., Ltd., 16, Hargreaves Street, Burnley.	Decorators and furnishers, plasterers, slaters, etc.
37	1901	Chester United Gas Co., Chester	Gasworks
38	1901	Commercial Gas Co., Harford Street,	Gasworks
39	1902	Stepney, London, E.1. [Name and address not for publication]	Paper merchants

<sup>(</sup>a) Scheme suspended. Firm is under Government control.
(b) The Company's refineries are in America. The English house (to which alone the figures in this Table refer) is solely a distributing branch.
(c) Information not available.
(d) Scheme temporarily suspended.
(e) In a few cases the bonus is paid in cash.

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Number during months i	employed twelve		14	1	nvestments by Employe	ees.	
months I	ation of	Number of			The second second	1	Serial Rember.
bonus	in 1918.	employees par-	How				H a
		ticipating (or entitled to	Bonus	No. of	PART TO THE	Total .	Z.
Per- manent	Casual (Maxi-	participate)	Paid.	employees	Nature of	nominal amount of	1
(Average	mum	in 1918.		Invest- ments.	Investments,	Invest	Se
No.)	No.)			ments.		ments.	
5.	6	7.	8.	9.	10.	11.	12.
						£	
1,500	-	50	W.	100	Deposits.	9,937	18
				5,400	Stock.	425,000 \	
8,054	478	8,350	P.S.	6,590	Stock (held by	27,000	19
		Continue of the	1	8,100	Trustees).	70,000	10
				( 3,745	Superannuation	165,306	
				200	Fund		
1,372	-	1,132	C.P.	1 1,132	Shares and Deposits. Shares and	\$0,000	20
			1	1,102	Debentures (P.F.).	62,000	
105	-	105	P.	40	Deposits (P.F.).	1,264	21
137	_	(a)	C.P.(a)	FOR STATE OF			22
55	67	26	C.	_	_	-	23
43	_	(c)	C	6	Shares.	3,600	24
44	_	41	C.	7	Preference Shares,	260	25
331		184(d)	W.(e)	217	Deposits.	29,000	26
163	-	148	C.	{ 74	Shares. Deposits.	700 ) 963 /	27
40	2	(c)	P.	- 4		_	28
1,100	_	1,123	w.s.	720 1,025	Ordinary Stock. Deposits.	50,191 }	29
722	_	662	(1)	748	Provident Fund. Deposits.	12,891 6,149	30
200	. (	1st half year 52	lan	0.0	Deposits (P.F.).	4,792	31
80	4 {	2nd ,, 58	C.P.	82			
73	-	93	C.	36	Deposits.	396	32
2,290(3	) -	1,962	S.(h)	1,840	Shares. Preference Shares.	145,758 2,990 \	33
1,487	-	1,130	W.	$\left\{\begin{array}{c} 8\\1,668\end{array}\right]$	Deposits.	13,802	34
270	- `	(c)	C.	(c)	(e)	(e)	35
43	_	43	P.S.	18	Shares.	749	36
				6 82	Deposits.	605	27
130	-2	82	W.S.	82	Shares. Shares.	2.030	37
		210	DG (A	1,200	Shares.	65,151	38
1,419	-	949	P.S. (j)	37	Shares,	19,710	39
80	=	(c)	C.S.				
							_

<sup>(</sup>f) Half the bonus must be deposited in Provident Fund; the other half may be lodged in Provident Fund, credited to Deposit Account, or taken in cash.
(g) Including 440 on War Service.
(h) During the War, bonus has been paid partly in Exchequer Bonds and War Loan instead of wholly in shares.
(j) One half is withdrawable at 7 days' notice, but only in case of urgent necessity, certified as such by the respective managers. as such by the respective managers.

20 11

Serial Number.	Date of Adoption of Profit-sharing or Co-partnership.	Name and Address of Firm.	Nature of Business.
1.	2.	3.	4.
40	1902	H. Backhouse & Co., Ltd., Dundalk, Ireland	Grocers, wine merchants, chemists, and druggists. Supply
41	1903	[Name and address not for publication]	
42	1903	P. & C. Garnett, Ltd., Wharfe Works, Cleckheaton.	Textile machinery manufacture
43	1903	Saville's (1902), Ltd., Hulme, Manchester	Isinglass finings manufacturers and brewers' sundries men.
44	1903	[Name and address not for publication]	Wharfingers and bonded ware- house keepers.
45	1904	John Knight, Ltd., Royal Primrose Soap Works, Silvertown, London, E.16.	Soap manufacture
46	1904	Butt, Vosper & Knight, 103, Old Town Street, and Mill Street, Plymouth.	Woollen merchants and whole- sale clothiers.
47	1904	J. Adnams & Son, Speenhamland Brewery,	Brewers
48	1905	Newbury. [Name and address not for publication]	Wine and spirit merchants
{49d		Spillers Milling and Associated Industries, Ltd., Broad Street House, London, E.C.2. Do. do. [Name and address not for publication]	Millers, corn merchants and biscuit manufacturers.  Do. do.  Worsted spinning and worsted
51   52	1906 1907	[Name and address not for publication] W. J. Parry, Ltd., Coetmor Yard, Bethesda	and cotton manufacturing.  Manufacture and supply  General merchants
53	1907	Prudential Assurance Co., Ltd., Holborn	Life, fire, accident and general
54	1907	Bars, London, E.C.I. Pease & Partners, Ltd., Darlington	Colliery and ironstone mine
55	1907	Douglas & Son, Ltd., Brunswick Street, Glasgow.	owners, etc. Musical instrument manufacturers and specialists.
56	1908	Leamington Priors Gas Co., Leamington	Gasworks
57	1908		Gasworks
58 59 60	1908 1908 1908	Rugby Gas Co., Rugby	Gasworks  Newspaper and job printing, bookbinding, retail stationers, etc.
61	1908		Newspaper publishing
62	1908		Gasworks
63	1908	Tunbridge Wells.  Bournemouth Gas and Water Co., Bournemouth.	Gas and water undertaking

<sup>(</sup>a) Scheme suspended.
(b) Bonus may be left on deposit with the Company, in which case it is increased by an amount equal to 25 per cent., and bears interest varying with the rate of dividend paid by the Company.
(c) Factory workers (about 250) are not included in this scheme, but receive a week's holiday with pay in lieu.

			1						
	during	employed g twelve preceding ation of				Investments by Employees.			
	Per- manent (Average No.)	Casual (Maxi-	Number of employees participating (or entitled to participate) in 1918,	How Bonus is Paid.		No. of employee holding Invest- ments.	Nature of Investments.	Total nominal amount o Investments,	Serial Number.
	5.	6.	7.	8.	1	9.	10.	11.	12
	50	_	42	C.	-	_		£	10
	(a)	(a)	(a)	C.	1	(a)	(a)	(a)	11
	199	_	144	C. (b)	) {	43 7 5	Deposits. Ordinary Shares. Ist Mortgage	1,270	12
	19	-	11	C.	l	_	Debentures.	1,000	13
	69	123	89	C.		-		-	14
	884	32	796	C.S.	{	911 34 {	Deposits. Ordinary Shares. Deferred Shares.	10,459 $1,720$ $172$	45
	336	-	41(c)	C.P.	{	6 83	Loans. Deposits (P.F.)	630 1,871	46
	6	_	6	C.				_	17
	33	-	43	C.W.	{	10 4	Preference Shares. Ordinary Shares.	$1,945 \ 750 \$	48
	2,566	-	327	W.		327	Deposits.	19,533	497
	2,566 150	_	200 150	C.S. C.		267(d) —	Preference Shares.	14,870(d)	49a J 50
	1,600	-1	1,586 5	C. C.		- 3	Ordinary Shares.	180	51 52
	20,000	-	18,500	C.	{	300 5,803	Shares. Deposits (P.F.).	27,600 } 308,847 }	53
	11,232	-	2,243	W.		2,719	Deposits.	113,600	54
	(e)	(e)	(e)	C.		(e)	(6)	(e)	55
	110	. 5	106	W.S.		103	Ordinary Shares. Debenture Stock. Deposits.	$   \begin{array}{c}     912 \\     700 \\     2,015   \end{array} $	56
	51	_	81(a)(f)	S.W.(a)	{	47 78	Ordinary Stock. Deposits.	1,780 }	57
1	280	30	161	W.	•	161	Deposits.	6,477	58
-	71 14	=	51 14	S. C.P.		(e) -	<u>(e)</u>	(e) -	59 60
	22		22	C.		-	· a	-	61
-	138	_	138	S.W.		49	Consolidated Stock. Deposits.	2,054	62
1	605	50 to 60	423	s.w.		423	Shares.	15,947	63
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<sup>(</sup>d) The figures relate only to shares acquired under the Co-partnership scheme. Other investments are inconsiderable.

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<sup>(</sup>e) Information not available.
(f) Including ex-employees and widows of deceased employees.

Date of Adoption of Profit-sharing or Co-partnership.	Name and Address of Firm.	Nature of Business,
	2	4.
2.	5,	
1911	Merthyr Tydfil Gas Co., Picton Street, Merthyr Tydfil.	Gasworks
1911	[Name and address not for publication]	Brewers, millers and wine mer- chants.
1911	Johnson Bros. (Dyers), Ltd., Bootle Dye	Dyeing and dry cleaning
1914	Do. do.	Do. do
1911	Liverpool Gas Co., Duke Street, Liverpool	Gasworks
1911 1911	[Name and address not for publication] Loders & Nucoline, Ltd., Cairn Mills, Silver-	Farming Oilseed mills
1911	town, London, E.16. Chas H. Osborne, 64, Bute Street, Luton	Straw hat manufacturer
1912	Harrow and Stanmore Gas Co., Gas Works,	Gasworks
1912	Hertford Gas Light Co., Gas Works, Hertford.	Gasworks
1912	Notting Hill Gate, London, W.11.	Supply of electricity
		Textile merchants
1912		Gas, water and electricity under- taking.
1912	Bradford Dyers' Association, Ltd., 39, Well Street, Bradford.	Commission dyers and finishers
1912	[Name and address not for publication]	Merchants
1912	Solicitors' Law Stationery Society, Ltd., 104-7, Fetter Lane, London, E.C.4.	Law and Parliamentary printers and stationers.
1912	[Name and address not for publication]	Manufacturing ironmongers and engineers.
1912	Samuel Jones & Co., 7, Bridewell Place, London, E.C.4.	Gummed paper manufacture, etc., and engineering.
1912	R. S. Murray & Co., Ltd., Fleet Works, 57,	Manufacture of confectionery and chocolate.
1912	E. S. & A. Robinson, Ltd., 1, Redcliffe Street, Bristol.	Lithographic printing and manufacture of stationery.
a 1914   1912	Do. do. Robert Martin, Ltd., Tower Street, West	Do. do. Letterpress printing
1912	Reuben Gaunt & Sons, Ltd., Springfield Mills, Farsley, Yorks.	Worsted spinning, wool combing, and woollen cloth manufacture.
1912	James Cropper & Co., Ltd., Burnside Mills, Kendal.	Paper manufacture
1913	Waygood-Otis, Ltd., Falmouth Road, London, S.E.1.	
1913	Canterbury Gas & Water Co., Castle Street, Canterbury.	Gas and water undertaking
	2.  1911 1911 1911 1914 1911 1911 1912 1912	1911 Merthyr Tydfil Gas Co., Picton Street, Merthyr Tydfil.  1911 [Name and address not for publication]  1911 Johnson Bros. (Dyers), Ltd., Bootle Dye Works, Liverpool. 1914 Do. do.  1911 [Name and address not for publication] 1912 Loders & Nucoline, Ltd., Cairn Mills, Silvertown, London, E.16. 1911 [Name and stanmore Gas Co., Gas Works, Harrow. 1912 Harrow and Stanmore Gas Co., Gas Works, Harrow. 1912 Harrow and Stanmore Gas Co., Gas Works, Harrow. 1912 Holders & Light Co., Gas Works, Hertford Gas Light Co., Gas Works, Harrow. 1912 Notting Hill Electric Lighting Co., Ltd., Notting Hill Gate, London, W.11. 1912 Wilkinson & Riddell, Ltd., Birmingham 1912 Aldershot Gas, Water, and District Lighting Co., Aldershot. 1912 Bradford Dyers' Association, Ltd., 39, Well Street, Bradford. 1912 [Name and address not for publication] 1912 Solicitors' Law Stationery Society, Ltd., 104-7, Fetter Lane, London, E.C.4. 1912 [Name and address not for publication] 1912 Samuel Jones & Co., T. Bridewell Place, London, E.C.4. 1912 [Name and address not for publication] 1912 Samuel Jones & Co., Ltd., Fleet Works, 57, Clerkenwell Road, London, E.C.1. 1912 E. S. & A. Robinson, Ltd., 1, Redcliffe Street, Bristol. 1914 Do. do. 1915 Robert Martin, Ltd., Tower Street, West Hartlepool. 1916 Robert Martin, Ltd., Tower Street, West Hartlepool. 1917 James Cropper & Co., Ltd., Burnside Mills, Kendal. 1918 Waygood-Otis, Ltd., Falmouth Road, London, S.E.1. 1919 Canterbury Gas & Water Co., Castle Street,

<sup>(</sup>a) Information not available.
(b) For 1917.
(c) Bonus may be left on deposit with the Society at 4 per cent. interest.

1								
-	Number of during months p	twelve			I	nvestments by Employe	es.	i
	Per- manent (Average No.)	tion of	Number of employees par- ticipating (or entitled to participate) in 1918.	How Bonus is Paid,	No. of employees holding Investments.	Nature of Investments.	Total nominal amount of Investments.	Serial Number.
	5.	6.	7.					
				8.	9.	10,	11.	12.
	56	5	16	s.w.	14	Stock.	£ 240	87
-	64	-	60	C.	$\begin{cases} 60 \\ 2 \end{cases}$	Ordinary Shares.  Preference Shares.  1st Mortgage De-	1,090 30 1,880	88
	965	-	418	w.	882	benture Stock. Deposits.	10,420	89 7
	965	-	307	C.	307	Shares.	5,885	89a J
	2,182	26	2,208	w.s.	$ \left\{\begin{array}{c} 1,275\\ 30 \end{array}\right. $	Ordinary Stock.  Ordinary Stock.  Mortgages.	$\left.\begin{array}{c} 28,976 \\ 4,903 \\ 2,450 \end{array}\right\}$	90
	31 974	=	23 257	C. W.P.	287	Bonus Certificates.	4,746	91 92
-	(a)	(a)	(a)	C.			_	93
	129	12	87	s.w.	67	Ordinary Stock.	4,703 }	94
	18	21	24	s.w.	$\left\{\begin{array}{cc} 9\\7\end{array}\right.$	- Shares. Deposits.	90 }	95
	27	_	27 (b)	C.	_	_	-	96
	421	_	248	C.		_		97
	234	31	190	S.P.	$\left\{ \begin{array}{c} 168 \\ 190 \end{array} \right.$	Stock. Deposits.	$2,704 \ 2,574$	98
	9,800	-	3,600	C.	3,600	Ordinary and Pre- ference Shares.	295,870	99
	345	-	271	C.P.	$\left\{\begin{array}{c} 32\\11\end{array}\right.$	Shares. Deposits.	46,041 2,030}	100
	245	_	243	O.(c)	{ 14 4	Ordinary Shares. Deposits.	593 } 44 }	101
	180	-	115	C.	_	- 1		102
	378	_	115	c.w.	238	Deposits.	6,900	103
	386		286	C.	_	_	_	104
	2,134	_	1,858	C.(d)	-	-		105]
	2,134	_	672 7	W. S.W.(e)	678 6	Deposits. Shares.	23,870 1 106	05a J 106
	648		109	C.	{ 9 128	Ordinary Shares. Deposits.	3,400 10,889}	107
	490		43	P.	{ 43 162	Loans. Deposits.	3,324 6,570}	108
			52	W.	52	Deposits.	1,299	109
	841 99		87	w.s.	50	Ordinary Shares.	579	110

<sup>(</sup>d) But employers reserve right to pay as shares in the business.
(e) When an employee's investments in firm reach £50, any further bonus and dividend may be withdrawn, in whole or in part, in cash.

Serial Number.	Date of Adoption of Profit-sharing or Co-partnership.	Name and Address of Firm	Nature of Business.
1.	2.	3.	4.
111	1913	Newmarket Gas Co., Newmarket Walter Somers (1919), Ltd., Haywood Forge,	Gasworks Forgemasters and engineers
1		Halesowen.	Do. do
(112	a 1919	Do. do.	
113	1913	Swansea Gas Light Co., Swansea	Gasworks
113	1913	Pichard Thomas & Co., Ltd., Llanelly	Steel and tinplate manufacture
115	1913	Shrawsbury Gaslight Co., Shrewsbury	Gasworks Brewers, maltsters, wine and
116	1913	Stroud Brewery Co., Ltd., Stroud, Glos	spirit merchants, and aerated
	B - 57	Bill & Bath Co Itd 59 North	water manufacturers. Brick making
117	1913	Sussex Brick & Estate Co., Ltd., 52, North Street, Horsham.	Dilek making
118	1913	Wetherall, Drake & Co., Ltd., St. Andrews,	Tomato growing
119	1913	Guernsey. Brotherton & Co., Ltd., City Chambers, Leeds.	Ammonia and tar distilling
120	1913	John Heathcoat & Co., Tiverton, Devon	Lace manufacture
121	1913	Gryfe Tannery, Ltd., Bridge of Weir, Ren-	Tanning
122	1914	frewshire.  Billing & Sons, Ltd., London Printing Works, Guildford.	Letterpress printing, electro- typing, stereotyping, and book- binding.
123	1914	Bradbury, Greatorex & Co., Ltd., 6, Alder-	Wholesale textile warehousemen
124	1914	manbury, London, E.C.2. Wm. Cory & Son, Ltd., 52, Mark Lane, London, E.C.3.	Coal factors, steamship owners, lightermen, wharfingers, en-
		Holiton, Biolic	gineers, barge builders and repairers, railway wagon
125	1914	Redhill Gas Co., Brighton Road, Redhill	builders and repairers. Gasworks
126	1914	Eastbourne Gas Co., 10, Sussex Gardens, Eastbourne.	Gasworks
127	1914	Edwin Blakemore & Sons, Ltd., 7-10, Salop Street, Wolverhampton.	Grocers, provision merchants, and corn factors.
128	1914	Southend Gas Co, 20-22, York Road, South-	Gasworks
129	.1914	end-on-Sea. Ipswich Gas Light Co., Carr Street, Ipswich.	Gasworks
130	1914	Appleton Saw Mills, Ltd., Halton View Road, Widnes.	Saw mill proprietors
131	1914	Boots Pure Drug Co., Ltd., and Associated Companies.	Chemists
13:	2 1914	Mumby & Son, Ltd., Newark	Wholesale clothiers
1	-		

(a) Number in 1919.
(b) Interest and bonus (i.e., supplementary interest on deposits, varying with the profits) may be credited to employee's deposit account, if he prefers.
(c) Scheme suspended.
(d) The bonus may be invested in a Provident Fund established by the firm.
(e) Information not available.
(f) Bonus paid in cash or credited to Trustee Account for purchase of shares at option of employee.

Number eduring months p	twelve preceding ution of	Number of		Ir	evestments by Employee	DH.	iber.
Perma- nent (Average No.)	Casual (Maxi- mum No.)	employees par- ticipating (or entitled to participate) in 1918.	How Bonus is Paid.	No. of employees holding Invest- ments.	Nature of • Investments,	Total nominal amount of Investments.	Serial Number.
5.	6.	7.	8.	9,	10.	11.	12.
27	0.1			( 10	at.	£	
	31	14	S.W.	{ 12 17	Shares. Deposits.	150 \ 212 (	111
900		81	W.	81	Deposits.		12
550(a)	_		C.	52	Participating Preference Shares.	3,507 1	12a }
265		155	S.W.	f 59	Ordinary Stock.	749 \	113
4,500		539	C.(b)	539	Ordinary Stock. Deposits.	345 f 74,577	114
117	- 1	.97	W.S.	37	Stock.	347	115
100	10	137	W.P.	147	Deposits (P.F.)	2,284	116
(c)	(c)	(c)	(c)	(c)	(e)	(c)	117
32	7	39	C.	_	-		118
840	140	350	C.	350	Preference Shares.	30,000	119
752	3,- 5	421	C.(d)	710	Deposits.	(e)	120
85	_	81	C.(f)	56	Shares. Loans.	3,950	121
196	-	188	C.	5	Ordinary Shares.	515	122
751		580	C.				123
						25 201 ( 5	
1,800	600	439	C.	439	Employee Shares.	20,234 (g)	124
200		73	g D	<b>S</b> 30	Ordinary Stock.	$\binom{350}{1}$	125
93	6	13	S.P.	6	i "B" Stock.	95	120
226	_	123	S.	105	. "A" Stock. "B" Stock.	$105 \\ 1,291$	126
63	_	30	C.	40	Shares.	1,02;	127
(c)	(0)	17	S.(c)	17	Stock.	816	128
198	25	195	S.P.	$\left\{\begin{array}{c}99\\7\end{array}\right.$	Ordinary Stock. Ordinary Stock.	$605 \\ 1,425$	129
60		(e)	C.		-	* -	130
13,000	-	850	C.	2,110(h)	Shares.	133,100	131
(e)	(e)	(e)	C.	(e) {	Ordinary "B" Shares Ordinary "A" Shares	735 901 }	132

(g) Exclusive of bonus ordinary shares issued to holders of employee shares.
(h) This firm allows conditionally a supplementary rate of interest on all shares held by employees: 2,110 hold shares on these terms, to the nominal value of £133,100. The firm occasionally issues shares gratuitously to employees, not on any regular system, but as a reward for special services and the like: shares of the nominal value of at least £30,000 have been issued in this way, to some 1,570 employees.

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Serial Number.	Date of Adoption of Profit-sharing or Co-partnership.	· · · · · · · · · · · · · · · · · · ·	Nature of Business,
Z	A dr	Name and Address of Firm.	
is	peter		
Ser	Date Prof Co-		
0.	Pa		
	-		
1.	2.	3.	4.
199	1915	Home & Colonial Stores, Ltd., 2 & 4, Paul	Retailers of grocery and pro-
133	1919	Ctroot Einshirv London, D.U.Z.	visions.
101	1075	Court Laundry (H. C. Neill-Watson, pro-	Power laundry
134	1915	prietor), Harcourt Street, Dublin.	
		prietor), Harduit Street, Dustin	
	1000	Wm. Goodacre & Sons, Ltd., Ceylon Mills,	Coco mat and matting manu-
135	1916	Wm. Goodacre & Bons, Ltd., Copies	facture, and engineering.
		Victoria Docks, London, E.16.	Forgemasters
136		Eva Bros., Clayton, Manchester Wills	Cotton spinning and weaving
137	1916	T. & C. H. Arrowsmith, Ltd., Astley Mills,	000000 278
		Astley, nr. Manchester.	Textile spinning and manu-
138	1917	Wm. Hollins & Co., Ltd., Pleasley Vale,	facture.
		Mansfield.	Chemical manufacture
139	1917	British Cyanides Co., Ltd., 49, Queen Victoria	Onemical managed in in
		Street, London, E.C.4.	Manufacture of centrifugal ary-
140	1917	Watson, Laidlaw & Co., Ltd., 98, Dundas	ing and separating machines,
		Street, Glasgow.	etc.
			Marine insurance
141	1918	Indemnity Mutual Marine Assurance Co.,	marine insurance
		Ltd., 1, Old Broad Street, London, E.C.2.	Newspaper proprietor and
145	2 1918	Henry Crossley, "News" Office, High Street,	Complete F-1
		Wetherby Yorks.	printer.
148	3   1918	Jacobsen, Welch & Co., Ltd., Newton House,	Envelope makers and manu-
		7. Paternoster Square, London, E.C.4.	facturing stationers.
144	1918	T. Snowden & Son, Argyll Mills, Bingley,	Dress goods manufacture
		Yorks.	D . I I
148	1919	[Name and address not for publication]	Boot and shoe manufacture
146	1919	S. P. Myers & Co., Ltd., Bradford and	Stuff manufacturers and mer-
		Wilsden, Yorks,	chants.
147	7   1919	George Hill & Son, Ltd., 227, High Road,	Builders, contractors, etc
		Streatham, London, S.W.16.	
148	3 1919	Joseph Wilson, Ltd., Grange Shed, Bradford	Stuff manufacturers
149		Jones Bros, & Co. (Wolvernampton) Ltd.,	Metal stampers
		Ablow Street Wolverhampton.	2
15	0   1919	London County Westminster and Parr's	Banking
	1	London County Westminster and Parr's Bank, Ltd., 41, Lothbury, London, E.C.2.	G1 (1) 1 1 1 1 1 CH
15	1 1919	The Sons Ltd. 18-22, Electric Avenue,	Clothiers and outfitters
		Brixton, London, S.W.9.	
15	2   1919		Farming
		I Itchen Abbas Winchester.	
15	3 1919	Sutton & Co., Golden Lane, London, E.C.1.	General carriers
15		W. Dennis & Sons, Ltd., Kirton, Lines	Potato growing
15	5 1919	Wm. Gray & Co. (1918), Ltd., West Hartle-	Shipbuilding
1111		pool.	
15	6 1919		Dyeing and cleaning
		don, E.9.	
15	7 1919	Robt. Ingham Clark & Co., Ltd., West Ham	Manufacture of aeroplane dopes
		Abbey, London, E.15.	and coverings, varnishes and
			enamels.
	NO TO SERVICE		
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<sup>(</sup>a) The excess of participating employees over the average number of permanent employees is due to the large number who joined H.M. Forces.
(b) Employees may leave their bonuses on deposit with the firm at 5 per cent, interest.
(c) The bonus is given in the form of certificates entitling the holder to the income on a stated proportion of a common fund, held by Trustees on behalf of the participating employees collectively.
(d) The bonus is paid into a Post Office Savings Bank Account, but employees over 21 years of age may take their bonus in cash.

	Number	omnless. 1	I					
	Number during months i	twelve			Investments by Employees.			
	deciar	ation of in 1918.	Number of					Serial Number.
	Donus	111 1310.	employees par- ticipating (or	How Bonus	No of			(um
	Per-	Casual	entitled to participate)	is Paid	No. of employees	Nature of	Total nominal	N Te
	manent (Average No.)	(Maxi- mum	in 1918.	raid	holding Invest-	Investments,	amount of Invest-	eri
*	7	No.)			ments.		ments.	32
	5.	6.	7.	8.	9.	10.	11.	12.
	3,137(a)	-	4,430(a)	C.			£	
	126		106	C.P.	100			133
			100	C.P.	120	Loan Capital Deposits.	983	134
	800		427	C.(b)	18	Ordinary Shares.	3,463	
	92				18	Preference Shares. Deposits.	850 145	135
	313	= :	62 313	C.	_			136
	2,351	Not				Preference Shares.	3,260 \	137
1		stated.	912	S.(c)	912	Ordinary Shares.	3,000	138
	186	_	218	C.	-		-	139
	414	_	432	C.	$\begin{cases} 21 \\ 3 \end{cases}$	Ordinary Shares. Deposits.	$12,645 \\ 252$	140
							202)	
	44		44	C.	_	7 -	-	141
-	7	2	9	C.	-		-	142
	495	-	483	W.(d)	2	Preference Shares.	658	143
	119	-	119	S.(e)	15	Loan Capital.	• 150	144
	180			C.P.	-	_	_	145
	200(g)			S.(f)			-	146
	50(g)	25(g)		C.		-		147
	257(g) (h)	(h)		P. (h)			=	148 149
		()		C.	8,136	Shares.	66,536	150
1	4,200(j)		•••					
1	24(g)			C.	17	Ordinary Shares.	678	151
1000	53(g)	_		C.	-		_	152
100	(h) 400-500	(h)		C. C.			_	153 154
	(9)	074		C.				155
100	5,492(g)	25(g)						156
Section 1990	628(g)			(k)	1			
Trees,	162	-	•••	C.	-			157
N. Asternation								

<sup>(</sup>e) Bonuses credited to employees' individual Loan Capital Accounts, with the proviso (i.) that firm may pay the whole or part of the bonus in cash if additional capital is not required, and (ii.) that an employee, when sums accumulated out of bonus in Loan Capital Account exceed total full wages for one year, may withdraw such excess.
(f) For the present it is the intention of the Company to pay the bonus in the form of employees' shares; but it may be paid in cash, at the Company's option.
(g) Number in 1919.
(h) Information not available.
(j) Number employed by London County and Westminster Bank, exclusive of Parr's staff

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(j) Number employed by London County and Westminster Bank, exclusive of Parr's staff
The number relates to 1919.

(k) Not yet determined.

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Serial Number.	Date of Adoption of Profit-sharing or Co-partnership.	Name and Address of Firm.	Nature of Business.		
1.	2.	3.	4.		
158	1919	Burmah Oil Co., Ltd., 175, West George Street, Glasgow.	Oil company		
159	1919	Works Ordsal Lane, Manchester.	Constructional engineers  Soap and candle manufacturers,		
160	1919	J. L. Thomas & Co., Ltd., Exeter	oil and colour merchants, manufacturers and importers of lamps.		
161	1919	Constructional Co-partners, Ltd., Chepstow,	Public works contractors, engineers, etc.		
162	1919	Alfred Hickman, Ltd., Bilston, Staffs	Ironmasters, etc		
163	1919	British Empire Trust Co., Ltd., 34, Mcnoras Lane, London, E.C.4.	Trustees, registrars, industrial finance and banking business.		
164	1919	Coaster Construction Co., Ltd., Rossie	Shipbuilding		
165	1919	Distillers Co., Ltd., 12, Torpichen Street,	Distillers		
166	1919	Crompton & Co., Ltd., Salisbury House, London Wall, London, E.C.2.	Electrical engineers and con- tractors.		
167	1919	Grout & Co Ltd . Yarmouth	Silk manufacture Textile manufacturers and mer-		
168	1919	Tootal Broadhurst Lee Co., Ltd., 56, Oxford Street, Manchester.	chants.		
169-	1919	Carrbrooke Manufacturing Co Batley Carr	Blouse manufacturers Dress goods manufacturers		
170	1919	Joseph Smithson, Ltd., India Buildings, Horton Street, Halifax.	Dress goods mandidates		
171	1919	Hawkins & Tipson, Ltd., Globe House, 29, Minories, London, E 1.	Rope manufacturers		
172	1919	Donald Campbell & Co., Ltd., 10, St. Mary Axe, London, E.C.3.	Eastern and general produce merchants.		
173	1909 (h)	Wise, Speke & Co., 28, Collingwood Street, Newcastle-on-Tyne.	Stockbrokers		
174	1917 (h)	Fletchers Sauce Co., Ltd., Selby, Yorkshire	Sauce manufacturers		
175	1918 (h)	Jordan & Sons, Ltd., 116 & 117, Chancery Lane, London, W.C.2.	Company registration agents, printers and publishers.		
176	1918 (h)	Lily Laundry, Ltd., Russell Street, Darlington.	Steam laundry		

(a) Employees in the United Kingdom only. The figure relates to the year 1919.
 (b) Number in 1919.

(c) The bonus is given in the form of dividends upon Partnership Certificates and is paid in Shares.

(d) Employees can apply their bonuses in buying special employees' shares at par.
(e) By way of giving a start to the scheme a sum of £10,000 was distributed among the employees in the form of Co-partnership Certificates, on the basis of £2 for each year of service; and these certificates were dated back to July 1st, 1918, and therefore carried dividend for that year.

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IN	umber e	mployed						
	during t	receding			Ir	ivestments by Employee	38.	i,
-	declara bonus i	n 1918.	Number of employees par- ticipating (or entitled to	How Bonus	No. of employees		Total	Serial Number.
	Perma- nent Iverage No)	Casual (Maxi- mum No.)	participate) in 1918.	Paid.	holding Invest- ments.	Nature of Investments.	nominal amount of Invest- ments.	Serial
	5.	6.	7.	8.	9.	9.	11.	12.
-								
	70(a)	-		P.	-			158
	700(b)	50(b)		C.	_	_		159
	190(b)	_		S.(c)	_	_	-	160
3								
	85(b)	-		C.	_	-		161
	3,028			C.	121	Preference Shares	19,211	162 163
	37(b)	1(b)	-	. C.	33	Preferential Shares	1,789	
	100(b)	-		C.				164
2	2,040(b)	49(b)	<u> </u>	W.	-	-	-	165
1	1,450(b)	100(b)		C.	104	Shares	3,785	166
	700(b)	-		CP.	-	_	-	167 168
	3,006		-	C.(d)	_			
2	150(b) 300-400	_	:: (e)	S. C.S.	313	Trust Certificates	12,074	169 170
3	(b)			(1)		Ordinary Shares)		
	270(b)	6(b)		C.(g)	5	Preference Shares	110	171
					1 45	Employee's Shares Ordinary Shares	5,850	172
	41(b)	-		C.	7	Deposits	1.000	173
	43	-	(j)	C.	_			
	(j)	(j)	(j)	C.(h)			T	174
	140(b)	) –	42	C.	-	-		175
	61(b)	-		C.	6	Debentures	75	176

(f) Employees with less than two years' service are to receive their bonus in cash. Those with two years' service or over may (in general) take their bonus in cash or in Trust Certificates at their own option, except that sums over £5 must be taken in

(g) The bonus may be taken in preference shares, when available, up to certain specified

(h) Particulars of this scheme were received too late for insertion in its correct place

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according to date.

(k) The bonus takes the form of dividends on "partnership" or "preferential" certificates; such dividends may be paid either by cheque or in preference shares, or in such other manner as the trustees may determine.

APPENDIX A (i.)—Existing Schemes of Profit-sharing OR LABOUR CO-PARTNERSHIP, SUMMARISED BY (a) FORM OF BONUS PAYMENT, AND (b) PERIOD IN WHICH STARTED.

How	Schemes Started							
Bonus is Paid.*	Up to and including 1880.	1881- 90.	1891- 1900.	1901- 05.	1906- 10.	1911- 15.	1916- 19.	Total.
C W P S C.P C.S W.S P.S S.W S.P Miscellaneous Not known Total	5 2 1 ——————————————————————————————————	6 1 1 -4  1  1 14	6 2 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1	6  1 2 1 1  1  12	10 7 	26 4 1 2 2 - 3 - 6 3 3 1 51	28 2 3 5 2 2 	87+ 18‡ 7 15§ 11 4   10 4¶ 11 5 5** 5++

APPENDIX A (ii.)—Existing SCHEMES, CLASSIFIED ABOVE (excluding Gas Companies' Schemes).

C	5 2 1 ——————————————————————————————————	6 1 1 - 4 1	6 2 1 1 1 - - 1 - 1	6 - 1 2 1 1	9 7  2 1    1	26 4 1  2  1  3 1	28 2 3 5 2 2 	86† 18‡ 7 8§ 11 3   -1 1 -5** 5††
Total	8	13	13	10	20	38	44	146

\* The references are to the code letters used in Appendix A (pages 150-165). For an explanation of these code letters, see notes at head of Table on pages 150-1.

In addition, there are two cases where the *employers* reserve the right to pay the bonus in shares, or in some other form than cash, if they prefer.

‡ In one case, employees over 21 years of age may, if they prefer, take the bonus in cash.

 $\S$  In these cases the whole of the bonus is normally retained by the firm, and accumulated for the purchase of shares. In two cases, however, the employers retain the right to pay the bonus in cash. In several cases the employees may in

special circumstances withdraw part of their bonus.

| In one of these cases, the whole of the bonus is paid in cash to certain classes of employees; and the whole or part of the bonus may, in certain circumstances,

be taken in cash by the remaining employees.

¶ Includes one "P.S.C." scheme.

\*\* Includes two "C.W." schemes; two "W.P." schemes; and one scheme in which half the bonus must be lodged in the Provident Fund, and the other half may be applied in various ways, at the employee's option.

†† Includes one scheme which is in suspense; one newly started scheme in which the form of bonus-payment is undecided; and three in which no information is available as to the manner of paying the bonus, or information is incomplete.

<sup>†</sup> In five of these schemes the bonus may be left on deposit with the firm; in one case the participating employees may take the whole, and in another a portion, of the bonus in shares; in another case it may be invested in a Provident Fund established by the firm; in another case it may be credited to the employee's account for the purchase of shares; in another case the bonus is paid in cash, but employees can apply their bonuses in buying special employees' shares at par. These alternatives are in each case at the employee's option.

### APPENDIX B .- ABANDONED SCHEMES OF PROFIT-SHARING OR LABOUR CO-PARTNERSHIP.

- (i.) The classification of schemes in this Table is substantially identical with that adopted in the 1912 Report, except that, where the bonus was paid into a savings bank or deposit account, from which it could be withdrawn at short notice, it is now classified as "W" (= withdrawable), and not, as in the previous Report, as "C" (= cash).
- (ii.) The "reason for abandonment of scheme," given in column 8, is, in the majority of cases, the reason given by the employer; but, in the absence of a statement from the employer, the reason has been derived from statements in the Press or in various books of reference, &c. It has only been necessary, generally speaking, to use indirect evidence of this kind in the case of some of the older schemes.
- (iii.) Where a firm has one or more schemes of Profit-sharing or Co-partnership now in operation, but has also at some time had another such scheme, since abandoned, the abandoned scheme is included in this Table only in those cases where no other scheme has immediately taken its place. The five cases are :
  - x 69. Robert Martin (now Robert Martin, Ltd.), West Hartlepool.
  - x103. Sir Alfred Hickman (now Alfred Hickman, Ltd.), Wolverhampton and Bilston.
  - x109. Crompton and Co., Ltd., London.
  - x155. Spillers and Bakers, Ltd. (now controlled by Spillers Milling and Associated Industries, Ltd.), London, Cardiff, &c.
    x161 James Cropper and Co., Ltd., Kendal.

Where, on the other hand, one scheme has given place immediately to another, applicable to the same employees, the old scheme has not been included in the List of Abandoned Schemes.

### APPENDIX B .- ABANDONED SCHEMES OF

THE LETTERS IN COLUMN 6 SIGNIFY AS FOLLOWS :-

C.=paid in cash.

W .= credited to a savings or deposit account from which deposits could be withdrawn at short notice.

P.=paid to a Provident or Superannuation Fund.

S .= invested in the capital of the undertaking.

C.P.=paid partly as C. and partly as P.

N.B.—"Deposits (P.F.)" in column 7 (nature of investments) individual

Serial No,	Date of Com- mencement and of Termination of Profit-sharing or Co-partnership.	Name and Address of Firm.	Nature of Business.
1.	2.	3.	- It
x 1 x 2	1829-(†) 1865-75	Lord Wallscourt, Co. Galway, Ireland. Henry Briggs, Son & Co., Ltd., Whitwood and Methley Col- lieries, Yorkshire.	Farming Coal Mining
x 3	1865-(?)	Clayton Plate and Bar Iron Co., Ltd.	Iron Manufacture
w 4	1865-68	Greening & Co., Ltd., Salford	Wire Netting, &c. Manufacture.
x 5	1865-88	Milliners' and Dressmakers' Co., Ltd., London.	Millinery and Dress- making.
x 6	1865-1906	Jolly & Son (Bath), Ltd., Milsom Street, Bath.	Silk Mercers, Drapers,
x 7	1866-72	John Curwen, 24, Berne's Street, London, W.r.	Music Printing and Publishing.
æ S	1866-(?)	South Buckley Coal and Firebrick Co., Ltd.	Coal Mining and Fire Brick Making.
x 9	1866-87	Cobden Memorial Mills Co., Ltd., Sabden, Lancs.	Cotton Manufacture
x10	1866-72	Wm. Lawson, Blennerhasset, Cum- berland.	Farming
<b>x</b> 11	1866-74	Fox, Head & Co., Middlesbrough	Iron Manufacture
w12	1867-98	Fletcher & Son, Castle Works, Norwich.	Printers, Stationers, &c.
<b>a13</b>	1867-(?)	Lloyd & Summerfield Co-partner- ship, Ltd., Birmingham.	Glass Manufacture
w14	1867-(?)	Wardle, Blyth & Co., Denaby Co- operative Pottery.	Pottery Manufacture
<b>æ</b> 15	1867-70	John & Henry Gwynne, Hammer- smith Iron Works, London.	Engineering
x16	1868-72	Price's Patent Candle Co., Ltd., Belmont Works, Battersea, London, S.W. 11.	Candle Manufacture
<i>x</i> 17	1870-(1)	North of England Industrial Coal and Iron Co., Ltd., Middles- brough.	Coal and Iron Mining and Iron Smelting.
w18	1871-74	Lord George Manners, Ditton Lodge Farm, near Newmarket.	Farming
x19	1871–77	Benjamin Collins, Mason House, Great Arthur Street, London, E.C.1.	Bookbinding

<sup>(</sup>a) The only bonus paid was paid in cash; but it is understood that nearly Company's shares.

# PROFIT-SHARING OR LABOUR CO-PARTNERSHIP.

THE LETTERS IN COLUMN 6 SIGNIFY AS FOLLOWS:-

C.S. = paid partly as C. and partly as S.
W.P. = paid partly as W. and partly as P.
W.S. = paid partly as W. and partly as S.
P.S. = paid partly as P. and partly as S.
S.P. = paid as S. for a prescribed period or until employee had a

prescribed holding, then partly as S. and partly as P.

indicates sums standing in Pension or Provident Funds in the names of employees.

	Number of Employees at date of Termination.	How Bonus was Paid.	Nature of Investments (if any) by Employees.	Reason for Abandonment of Scheme.	Serial No.
-	5.	6.	7.	8.	9.
-	Not known	с. • с.	- Shares	Not known.  Dissatisfaction of employees.	x 1 x 2
	Not known	C.	4 H 1 H	Not known,	x 3
-	,	C.(a)	Shares	Liquidation.	x 1
-		C.		Want of financial success.	æ 5
	300-370	C.		Dissatisfaction of employers	x 6
-		C.		with results. Dissatisfaction of employees;	x 7
The same	20-45		Shares	increase in wages granted. Liquidation.	x 8
1	Not known	C.			x 9
-	,,	C.	Shares	Liquidation.	
1	.,	C.	-	Sale of Farm.	x10
	400 or 600	C.	-	Dissatisfaction of employers with results.	x11
	198-205	C.	-	Conversion of business into limited liability company.	x12
	Not known	Not known	-	Not known.	x13
	,,	- c.	Shares	Not known.	x14
		C.	_	Dissatisfaction of employers with results.	x15
	900	C.	Shares	Substitution of shorter hours.	x16
	Not known		Shares	Dissatisfaction of employers with results.	x17
		w.		Death of employer.	x18
	200	C.	Shares	Dissatisfaction of employer with results.	x19
				1 hu sho participants	in the

the whole of the amount distributed was invested by the participants in the

40.	Date of Com- mencement		
Serial No.	and of Termination of Profit-sharing	Name and Address of Firm.	Nature of Business.
Ω	Co-partnership.		
1.	2.	3.	4.
<b>x20</b>	1872	Troughton & Simms, 138, Fleet Street, London, E.C.4.	Mathematical Instru- ment making.
x21	1872-84	Spottiswoode & Co., New Street Square, London, E.C.4.	Printing Engineering
x22 x23	1872-79 Circ. 1872*	W. Hill & Son, Ltd., 60, Bucking- ham Gate, London, S.W.1.	Baking
x24	1873-77	John Thomasson & Son, Bolton	Cotton Spinning
x25	1873-1915	Agricultural and Horticultural Association, Ltd., 92, Long Acre, London, W.C.2.	Supply and Manufacture of artificial manures, oilcake, seeds, &c.
x26	1874	M. Wright & Sons, Leicester	Elastic Web Manufacture
x27	1876-1900	Goodall & Suddick, Leeds	Printers and Stationers
x28	1876-91	Hamilton & Co., Ltd., London	Shirt, Collar and Under- linen Manufacture, Dressmaking and Mil-
x29	1880–1907(?)	W. Jacks & Co., 19, St. Vincent Place, Glasgow.	linery. Iron Merchants
<b>x</b> 30	1880-92(?)	Co - operative Needlewomen's Society, Holborn, London, E.C.1.	Needlework
x31	1881-99	Holmes & Co., Lichfield	Coachmaking
x32	1881–1906	Birmingham Coffee House Co., Ltd., Cobden Chambers, Birmingham.	Temperance caterers and Hotel proprietors.
#33 #34	1882–90 1883–93	Bolton King, Gaydon, Warwick Decorative Co-operators' Associa- tion, Ltd. (afterwards D'Oyly & Co., Ltd.), London.	Farming House painting and decorating.
x35	1883-89	Tangyes, Ltd., Birmingham	Engineering works
<b>x</b> 36	1884-1900	Perrott & Perrott, Ltd., Tenter Street, Moorfields, London, E.C.2.	Packers, Clothworkers and Finishers, &c.
<i>x</i> 37	1884-1913	[Name and address not for publication.]	Manufacture
<b>238</b>	1886–1907	J. W. Arrowsmith, 11, Quay Street, Bristol.	Printing and Publishing.
<i>x</i> 39	1886-99	Burroughs Wellcome & Co., Snow Hill Buildings, London, E.C.1.	Manufacturing Chemists
x40	1886-97	Earl Spencer, Althorp House, Northampton.	Farming
x41		Earl Grey, Howick, Lesbury, Northumberland.	Farming
x42		John Boyd Kinnear, Kinloch, Fifeshire.	Farming
x43 x44		Waterman & Co., Bristol H. D. Young & Sons, High Street, Edinburgh.	Boot Manufacture Leather Merchants, &c.

<sup>\*</sup> The scheme lasted "for some years," about the year 1872; but the precise date of commencement and of termination cannot be ascertained.

Number of Employees at date of Termination.	How Bonus was Paid.	Nature of Investments (if any) by Employees.	Reason for Abandonment of Scheme.	Serial No.
5.	6.	7.	8.	9.
Not known	C.	_	Apathy of employees.	x20
Over 350	C.	_	Diminution of profits.	x21
Not known	O. O.	=	Diminution of profits, Dissatisfaction of employers with results.	x22 x23
160	C.	<u> </u>	Diminution of profits and dis- satisfaction of employers with results.	x24
150	C. P.	Deposits, Shares, and Deposits (P.F.)	Liquidation.	x25
Not known	C.		Dissatisfaction of employers with results.	x26
300	C.	-	Conversion of business into Limited Liability Company.	x27
50	C. P.	Deposits (P.F.) and Shares.		x28
38	C.	Deposits	Changed to payment of bonus at discretion of employers, and not as a fixed percentage of profits.	x29
25	Not known	-	Dissolution.	x30
14	C.P.	Deposits (P.F.)	Want of financial success.	<i>x</i> 31
279	C.	_	Diminution of profits.	x32
Not known 60-70	C. (a)	Shares and Deposits (P.F.)	Losses. Liquidation.	x33 x34
1,500	C.	-	Substitution of fixed percentage on wages, to avoid undue publicity.	æ35
110–120	C.P.	Deposits	Dissatisfaction of employers with	x36
50	C.	-	Dissatisfaction of employers with	x37
68	C.	-	Substitution of increased wages.	x38
394	C.	-	Dissatisfaction of employers with results.	x39
11	C. S.	Shares	Want of success.	x40 x41
85	W. P.	Deposits	Farms let; or transition from one form of cultivation to another. Occupation of Farm given up.	x42
24	C.	-		x43
46 22	C. C.	=	Firm gave up manufacturing. Dissatisfaction of employers with results.	211
	1 1 5 1 1 1 1 1 1 1			Service of

<sup>(</sup>a) After paying 5 per cent, interest on capital, one fourth of the net profits was to go to the Manager, one fourth to a Mutual Aid Society for the benefit of the workpeople, one fifth to the reserve fund, and three-tenths to the workers individually. Half of the workmen's share of the profits was to be given in the form of share capital.

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Serial No.	Date of Com- mencement and of Termination of Profit-sharing or Co-partnership.	Name and Address of Firm.	Nature of Business,
1.	2.	3. •	4.
x45	1887-1909 .	[Name and address not for pub-	Engineers
x16	1887-93	lication.] Circle Co-operative Printing Co. (J. Bruce Wallace, proprietor), Belfast.	Printing and Publishing.
x47	1887–91	Workwomen's Co-operative Association, Ltd., Walden Street, Commercial Road, London, E,C.1.	Shirt-making and Tailoring.
x48	1888-97	S. & E. Collier, Ltd., Grovelands,	Brick, Pottery, &c. Making.
x49	1888-1900	Coventry Gas Fitting, Electrical and Engineering Co., Ltd., Coventry.	Gas, Electrical & General Engineers.
<i>w</i> 50	1888-1908	Binns & Co., Ltd., Market Place,	Oatmeal & Corn Factors, Seedsmen, &c.
x51	1888-99	Richard Binns, Lovelands, Reigate.	Fruit Farming
<i>x</i> 52	1888-1908	Guild of Handicraft, Ltd., 16a, Brook Street, Bond Street,	Furniture Makers, Metal Workers, &c.
x53	1888-1907	London, W.1. T. Bushill & Sons, Ltd., Coventry.	Manufacturing Sta-
x54	1889-1911	J. H. Ladyman & Co., King's Lynn.	Wholesale Grocers
<b>x</b> 55	1889-1916	Birmingham Dairy Co., Ltd., Dalton Street, Birmingham.	Dairymen and Restaurant Proprietors.
w56	1889-1907	W. Rowntree & Sons, 33-39, Westborough, Scarborough.	Drapers, &c
æ57	1889-1904	Sampson Low, Marston & Co., Ltd., Southwark Street, London, S.E.1.	Booksellers and Pub- lishers.
<i>x</i> 58	1889-99	Western Tanning Co., Bedminster, Bristol.	Tanning
<i>x</i> 59	. 1889–99	New Welsh Slate Co., Ltd., Festiniog, North Wales.	Slate Quarrying
<i>x</i> 60	1889-1900	[Name and address not for publication.]	Printing
x61	1889-94	Thomas Scott, New Bridge Street, Newcastle-on-Tyne.	Printer, Publisher and Stationer.
x62	. 1889–90	Aitken, Dott & Son, Edinburgh	Frame Making
x63	1889-91	J. & S. Wood, Westbourne Park, London, W.	Laundry Work
x64	1889–1902	W. D. & H. O. Wills, Ltd., Bristol.	Tobacco Manufacture
x65	1889-92 (?)	Peto Bros., London	Building
x66	1889-97	Lee & Hunt, Arkwright Works, Nottingham.	Engineers' Machine Tool Makers.

<sup>(</sup>a) The question whether the bonus should be paid in cash or credited to a Provident Fund was decided each year by a majority vote of the participants.

participants.

(b) C.P. until 1894.

(c) C.P. until 1895.

Number of Employees at date of Termination.	How Bonus was Paid.	Nature of Investments (if any) by Employees.	Reason for Abandonment of Scheme.	Serial No.
5.	6.	7.	8.	9.
100	C. or P. (a)	Deposits (P.F.)		
5	Not known; no profits were earned.		with results. Business removed to London and transformed into Co-operative Society (which was dissolved in	x46
80	C.	_	1896). Want of success; liquidation.	x17
150~160	C.		Substitution of old age pensions.	a18°
41 .	C.P.	Deposits (P.F.)	Liquidation.	x49
11-13	S.(b)	Shares	Liquidation.	x50
4-34	C.P.	Deposits	Want of success.	x51
15-25	C.	Shares	Liquidation.	x52
428	C.(c)		Dissatisfaction of employers with results.	x53
32	. C.		Increase of wages substituted.	x54
. 380	C.	-	Dissatisfaction of employees; increase of wages given in lieu	<i>x</i> 55
255	C.P.(d)	-	of bonus.  Dissatisfaction of employers with results; different methods adopted in favour of employees.	x56
70 -	C.	Shares	Liquidation.	x57
55	. C.		Dissatisfaction of employers with system.	x58
231	C.	Shares	Liquidation.	59
520	C.	-	Apathy of employees, and liabilities imposed by Workmen's Compensation Act.	x60.
20	C.	-	Dissatisfaction of employers with	x61
Not know	C.	-	Apathy of employees.	x62
50	C.	-	Dissatisfaction of employers with results. Transfer of business.	x64
(permanent	C.(e)	Deposits	Job finished; discontinuance of	x65
n	C.		business. Want of success.	x66
55	C.			
		1 2 3		1

 <sup>(</sup>d) In 1903 and later years part of the bonus was devoted to various clubs, a library, &c; there was a small distribution of cash in some of these years, but no sums were carried to Provident Fund.
 (e) C.P. from 1900

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<u> </u>			
	Date of Com-		
I No	mencement and of	Name and Address of Firm.	Nature of Business.
Serial No.	Termination of Profit-sharing	Name and Address of Firm.	Transit of Dusiness.
Ω.	Co-partnership.		
1.	2.	3.	4.
x67	1890-1908	Jackson & Sons, King's Road Corner, Reading.	Tailors and Outfitters
<i>x</i> 68	1890-1916(a)	McVitie & Price, St. Andrew Biscuit Works, Edinburgh,	Biscuit Manufacturers
x69	1890-1900(b)	Robert Martin, Crown Printing Works, West Hartlepool.	Printing
<i>x</i> 70	1890-1903	Newman & Son, 27, Widegate Street, Bishopsgate, London, E.C.2.	Printing
w71	1890-(?)	Thomas Hailing, Oxford Works, Cheltenham.	Printing
w72	1890-98	Cardiff Milling Co. (formerly James Tucker, Ltd.), Cardiff.	Millers
<i>x</i> 73	1890-91	Bailey, Nokes & Co., Ltd., Birmingham.	Rolling Mills and Ammunition Makers.
æ74	1890-93(?)	London, Deptford and Greenwich Tramways Co., London.	Tramways
.æ75	1890-95	Archibald Edmeston & Son, Can- non Street, Salford.	Engineering Works
æ76	1890-92	G. Hubbard, 112, Fenchurch Street, London, E.C.3.	Building
.x77	1890-93	Kensington Co-operative Stores, Ltd., London.	Stores
x78	1890-91	General Service Co-operative Stores, Ltd., London.	Stores
<i>x</i> 79	1890-91	Central Co-operative Stores, Ltd., London.	Stores
.æ80	. 1890–93	London Co-operative Supply Stores, Ltd., London.	Stores
w81	1890-94	Charles Joyner & Co., Icknield Square, Birmingham.	Chandelier &c. Manu- facturers.
.282	1890-92	G. Holloway, Temple Guiting, Gloucestershire.	Farming
x83	1890-1909	[Name and address not for publication.]	Engineers
.w84	1890-1903	Osborne & Young, Coldharbour Lane, Brixton, London, S.W.9.	Corn Merchants, Flour Factors and Forage Merchants.
.æ85	1890–98	Robert McVitie, Queensferry Street, Edinburgh.	Baker and Confectioner
.w86	1890-97	W. & J. Mackay & Co., Ltd., Fair Row, Chatham.	Printing, Bookbinding,
.æ87	1890-91	Browett, Lindley & Co., Ltd., Sal- ford (now Sandon Works, Patri-	&c. Engineering Works
x88	1890-1907	[Name and address not for pub-	Fruit Preserving
.æ89	1890-91	lication.] Drake & Gorham, Ltd., 66, Victoria	Electrical Engineering
<i>x</i> 90	1890-1904	Street, London, S.W.I.  Marquis of Hertford, Ragley, Warwickshire.	Farming
x91	1890-1900	Headley Bros., Ashford, Kent	Printing
x92	1890-91	Joseph Bromhead, Westbury, nr. Bristol.	Laundry Work
2007-1-200-2			

(a) Scheme suspended for some years during this period.
 (b) Mr. Martin introduced another profit-sharing scheme in 1912, which is still in force, see No. 106, p. 158.

Number of Employees at date of Termination.	How Bonus was paid.	Nature of Investments (if any) by Employees.	Reason for Abandonment of Scheme.	Serial No.
5.	6.	7.	8.	9.
45	C.		Dissatisfaction of employers with	267
250	C.	_ *	results. Dissatisfaction of employees.	x68
14	C.	Deposits (P.F.)	Dissatisfaction of employer with	x69
26	C. (c)	Deposits	results. (b) Transfer of business.	æ70
9	C.		Not known.	x71
120	C.	Deposits	Liquidation.	x72
Not known	C.	-	Want of success.	x73
Over 100	C.	-	Apathy of employees.	x74
60	C.	-	Dissatisfaction of employers with results.	x75
Over 150	C.	_	Want of success.	æ76
Not known	Not known	-	Want of success.	æ77
,,	,,	-	Liquidation.	x78
•,	,,	-	Liquidation.	x79
,,,	, ,,	-	Liquidation.	x80
250	C.P.	Deposits (P.F.)	Conversion of business into limited company.	x81
Not known	S. (loans)	Deposits	Death of employer.	x82
1,185	C.	Workmen's Debentures.	Diminution of profits.	x83
94	C.	Deposits	Dissatisfaction of employers with results.	x84
65-70	C. (d)	Deposits (P.F.	Business converted into a limited company, a number of employees taking shares.	x85
72	C.		Apathy of employees.	x86
80	C.	-	Dissatisfaction of employees and removal of business to other works.	x87
10-18	C.	_	Want of success.	x88
Not know		-	Not known.	x89
Not know	C.	-	Farms let.	x90
77	W.	-	Changes in business arrange- ments.	
100	C.	-	Dissatisfaction of employer with results.	x92
100				
	THE RESERVE TO SERVE THE PARTY OF THE PARTY	THE RESERVE TO SHARE THE PARTY OF THE PARTY		

<sup>(</sup>c) C. till 1899; then S. (d) P. from 1896.

T

0,	Date of Com- mencement	*	
Serial No.	and of Termination of Profit-sharing	Name and Address of Firm.	Nature of Business.
Se	or Co-partnership.		
1.	2.	. 3.	4.
w93	1890-1904	Idris & Co., Ltd., Camden Town, London, N.W.1.	Mineral Water Manu.
w94	1890-(?)	William Terrell & Sons, Ltd., Amos Vale, Bristol.	Wire and Hemp Rope and Patent Engine.
w95	1890-1916	[Name and address not for pub-	packing Manufacture, Millers
w96	(a)1891-99	lication.] Hon. T. A. Brassey (afterwards Lord Brassey), Park Gate, Battle, Sussex.	Farming (two farms)
æ97	1891-94	Phillips & Co., Wrexham	Teamen and Grocers
x98	1891-1909	Women's Work Association, Cheltenham.	Embroidery, &c
<i>x</i> 99	1891–99	William Lawrence & Co., Ltd., 64, London Road, Nottingham.	Cabinet Making, &c
x100	1891-93(?)	Edward Tuke & Co., Bradford and Leeds.	Wholesale Produce Merchants.
<b>x</b> 101	1891-97	John Barbour & Co., Whitehouse, Belfast.	Flax Spinning
x102	1891-1906	Dobson & Barlow, Ltd., Kay Street Works, Bolton.	Engineers
x103	1891-94(b)	Sir Alfred Hickman, Spring Vale Furnaces, Wolverhampton.	Iron Smelting
<b>x</b> 104	1891–1902	Franklyn, Davey & Co., 12, Welch Back, Bristol.	Tobacco and Snuff Manu- facture.
æ105	1891-1900	[Name and address not for publication.]	Manufacture of Woollen and Worsted Goods.
x106	1891-98	R. H. & S. Rogers, Ltd., 9-12, Addle Street, Wood Street, London, E.C.2.	Shirt and Collar Manu- facture.
x107	1891-93	Joseph Collard, 43, Charing Cross Road, London, W.C.2.	Printing and Stationery
x108	1891-99	Waltham Bros., Ltd., Stockwell, London, S.W.9.	Brewers
x109	1891-95(c)	Crompton & Co., Ltd., 381, Salisbury House, London, E.C.2.	Electrical Engineers
<i>x</i> 110	1892-96	Petty & Sons, Ltd., Whitehall Printeries, Leeds and Reading.	Printers and Manufacturing Stationers.
x111	1892	Robert Mushet & Co., Bonnington Iron Works, Leith.	Engineers
x112	1892	Welsh Liberal Newspaper Co., Ltd., Swansea.	Newspaper Printers and Publishers.
x113	1892-(?)	James Johnston, Abbey Road, Stirling.	Timber Merchant
x114	1892-95	Peel Bros., Lincoln	Corn Merchants and Millers.
x115	1892-97	John Devereux & Sons, High Street, Lowestoft.	Grocers, &c
x116	1892-94	Raithby, Lawrence & Co., Ltd., Queen Street, Leicester.	Printers, &c
x117	1892-94(?)	John Ratcliffe, 108, St. George's Road, Bolton.	Decorator
		<del>'                                    </del>	

 <sup>(</sup>a) Profit-sharing was started on one farm in 1891 and on the other farm in 1895.
 (b) A fresh scheme has recently been started in this business (now Alfred Hickman, Ltd.), see No. 162, p. 164.

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E	Number of mployees at date of	How Bonus was Paid,	Nature of Investments	Reason for Abandonment of Scheme.	1 No.
T	ermination.	was raid,	(if any) by Employees,	Average for Abstractiment of Seneme.	Serial No.
-	5.	6.	7.	8.	9.
	750	P.	Preference Shares and	Depression of trade.	x93
	102-118	C.	Deposits (P.F.).	Dissatisfaction of employers with results.	x94
-	8	C.		Business closed.	z95
	16	C. (d)	Deposits	Occupation of farms given up.	x96
	14	C.	Deposits	Conversion of business into limited company.	x97
-	8	Not known		Liquidation.	x98
-	400	C.	Deposits	Special circumstances connected with conversion of business into company.	x99
	25	C.	- 3	Not known.	x100
-	450	C.		Bad state of trade.	x101
	2,800	C.	Debentures	Apathy of employees.	x162
1	500 /	C.	Deposits	Dissatisfaction of employer with results. (b).	x103
	163	C.		Transfer of business.	x104
	200-250	W.	Deposits	Badness of trade.	x105
-	1,000	C.	"	Apathy of employees and liabilities imposed by Workmen's Compensation Act, 1897.	x106
	23	c.	-	Dissatisfaction of employer with	x107
	133	C.P.	-	Dissatisfaction of employers with results.	x108
	500	C.	Workmen's Debentures.	Scheme not taken up by	x109
	223	C.	Shares	Dissatisfaction of employers with results; share-purchase system	x110
	200	C.	-	substituted. Dissatisfaction of employers with results.	x111
	18	C. or S.	Shares	Not known.	x112
	Not known		-	Not known.	x113
	20-25	C.		Dissatisfaction of employers with results.	x114
	46-50	C.		Dissatisfaction of employers with	x115
	165	C.	Shares	Voluntary liquidation and recon-	x116
	15-40	C.		Dissatisfaction of employer with results.	x117
				1	

<sup>(</sup>c) This Company has recently started a fresh scheme, see No. 166, p. 164.

(d) At one of the farms the bonus was to have been paid partly in cash and partly in shares, but no bonus was in fact earned on this farm.

Serial No.	Date of Commencement and of Termination of Profit-sharing or Co-partnership.	Name and Address of Firm.	Nature of Business.
1.	2.	3.	4.
x145	1897-1903	Richmond Gas Stove and Meter Co., Ltd., Warrington, Stratford, &c.	Gas Engineers (manufacturers).
x146	1897-1905	[Name and address not for publication.]	Builders
x147	1898-1902	Meath Home Industries Association, Randlestowr, Navan.	Needlework, Embroidery, Weaving and Knitting.
x148	1898-1907	[Name and address not for pub- lication.]	Pencil - Case Makers, Silversmiths, &c.
x149	1898-1904	Ilford, Ltd. (formerly Britannia Works Co., Ltd.), Ilford, Essex.	Manufacturers of Pho- tographic Plates and Papers.
<b>x</b> 150	1899-1901	J. E. Nelson, Sunderland	Slater and Slate Mer- chant.
x151	1900-04	Teesdale & Co., Ltd., South Vale Works, Carlisle.	Manufacturing Confec- tioners.
w152	1900-03	Young & Marten, Ltd., Caledonian Works, Stratford, London, E.15.	Builders' Merchants, &c., Manufacturers, Iron- founders, &c.
<i>x</i> 153	1900	Madame Veigelé, London	Vegetarian Depot and General Agency.
<b>x</b> 154	1900-10	[Name and address not for publication.]	Timber Importers and Saw Mill Proprietors.
<b>x</b> 155	1900-18	(a) Spillers & Bakers, Ltd., Broad Street House, London, E.C.2.	Millers, Corn Merchants, Biscuit Manufacturers, &c.
<b>x</b> 156	1900-07	S. Gallery & Sons, 28, Landressy Street, Bridgeton, Glasgow.	Slipper manufacturers
<b>x</b> 157	1900-14	John Stow, Ltd., 3, Free Street, Bradford.	Shopfitting manufac- turers.
x158	1900-12	[Name and address not for publication.]	Building
x159	1901-04	Willey & Co., Ltd., Exeter	Engineers
<b>x</b> 160	1901-16	Sir Herewald Wake, Bart., Courteenhall, Northampton.	Farming
<b>x</b> 161	1902-09c	James Cropper & Co., Ltd., Burnside Mills, Kendal.	Paper manufacture
x162	1902-17	[Name and address not for publication.]	Manufacture
<b>x</b> 163	1903–12	Metcalfe & Cooper, Ltd., 3-5, Grocers' Hall Court, London, E.C.2.	General Printers, &c
x164	1903-08	[Name and address not for publication.]	Supply
æ165	1904-07	Joseph Rank, Ltd., Clarence Flour Mills, Hull.	Flour Millers
x166 x167		Douglas Cockerell, Ewell, Surrey [Name and address not for publication.]	Bookbinder Builders and Contractors
x168	3 1905-(?)	[Name and address not for publication.]	Drapers and Milliners
æ169	1905-17	[Name and address not for publication.]	Chocolate Manufacturers
x170	1905-12	F. W. Harris, 132, Hirst Street, Birmingham.	Scrap Metal Dealer

<sup>(</sup>a) This Company is now controlled by Spillers Milling and Associated Industries, Ltd. The controlling company has two existing profit-sharing schemes, see Nos. 49 and 49a on pages 154-5.

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the name of the last of the last of	Number of Employees at date of Termination.	How Bonus was Paid.	Nature of Investments (if any) by Employees.	Reason for Abandonment of Scheme.	Serial No.
	5.	6.	7.	8.	9.
	820-870	C.S.	Preference	Dissatisfaction of employers	x145
	8	C.	Shares.	with results. Bad trade and insufficient profits.	x146
	150	C.	_	Conversion of business into Co- operative Society.	x147
	150	P.	Deposits (P.F.)	Depression of trade.	x148
	250-270	C.	-	Dissatisfaction of employers with results.	x149
	27	C.	-	Apathy of employees.	x150
	320	C.P.	Deposits (P.F.)	Diminution of profits owing to Sugar Tax.	x151
	347	C.	_	Profits did not reach reserved limit.	x152
	6	C.	-	Business given up.	x153
	122	C.	Deposits (P.F.	Lissatisfaction of employers	x154
	2,157(b)	C.	-	with results.  Control of part of business by Government; also increases in	x155
	116	C.	-	wages and war bonuses, &c.(a) Reconstruction of Company.	x156
	30	C.	Shares	Opposition of the workmen's Union.	x157
	7	C.	-	Substitution of increased wages and other benefits.	x158
	500-750	C.P.	Deposits	Dissatisfaction of employers with results.	x159
	33	C.	_	Death of employer.	x160
	360	c.	_	Dissatisfaction of employers with results. (c)	x161
	44	C.	-	Opposition of Employers' and Workmen's Associations.	x162
	80-100	C.P.	Deposits (P.F		x163
				Transfer of business.	x164
	22	C.	- :- (D.F	t amplerers	x165
	281	Р.	Deposits (P.F	with results.	x166
	3-6	C. C.	=	Dissatisfaction of employers with results.	
	Not know		-	Not known.	£168
		C.		Bonuses now given at discretion of employer, and not on a fixed	n 2169
	35			basis. Increased Taxation.	x170
	20	C.		Increased Taxation	

<sup>(</sup>b) No. of workpeople only, exclusive of clerical staff, &c. This scheme was confined to the former.
(c) This Company also has an existing scheme. See No. 108 on pp. 158-9.

l No.	Date of Com- mencement and of		
Serial No.	Termination of Profit-sharing or	Name and Address of Firm.	Nature of Business.
	Co-partnership.		
	2.	3,	4.
æ171	1905-13	[Name and address not for publication.]	Provision Merchants and Food Specialists.
x172	1906-16	Mail and Leader, Ltd., High Bridge, Newcastle-on-Tyne.	Newspaper Publishers
x173	1907	Levant Mining Co., Pendeen, Cornwall.	Tin and Copper Mining
x174	1907-10	Raymond Bros., Manor Road, Yeovil.	Cabinet Making and Upholstering.
æ175	1907–16	A. C. Penman, Queensbury Motor Works, Dumfries.	Motor Carriage Manu- facturing.
æ176	1907-14	[Name and address not for publication.]	Manufacturing Confec-
x177	1907-12	Gilbert Bros., School Lane, Nant- wich.	Boot Manufacturers
x178	1908–18	Castner-Kellner Alkali Co., Ltd., Weston Point, Runcorn.	Chemical Manufacturers
x179	1909–10	Irvine's Ship Building and Dry Docks Co., Ltd., West Hartle-	Shipbuilding
x180	1909-11	pool. Carmarthen Gas Co., Carmarthen.	Gasworks
x181	1909-17	[Name and address not for pub-	Training and Supply of
x182	1909-11	lication.] Norman Sawyer & Co., Ltd., St.	Nurses. Printing
x183	1910-11	George's Hall, Cheltenham. Wessex Press, Ltd., 35, Fratton Road, Portsmouth.	Newspaper and Letter-
x184	1910-13	J. T. Cooper & Son, King's Street, Gravesend.	press Printing. House Furnishers and Removal Contractors.
æ185	1910-18	Longwood and Slaithwaite Gas Co., Longwood, Huddersfield.	Gasworks
x186	1910-12	[Name and address not for publication.]	Manufacture
x187	1910-14	[Name and address not for publication.]	Provision Merchants
æ188	1911-18	Plymouth and Stonehouse Gas Light and Coke Co., Plymouth.	Gaswork's
x189	1912-14	[Name and address not for publication.]	Manufacture
x190	1912-14	[Name and address not for publication.]	Rag Merchants
x191	1913-15	John S. Booth & Sons, Ltd., Castle Bank Mills, Wakefield.	Cloth Manufacturers
x192	1913–16	Paget and Allsebrook, Oldfallings Farm, Wolverhampton.	Farming
x193	1914-15	Brough and Sons, Oxford Street, Newcastle-on-Tyne.	Provision Merchants
x194	1914	A. Simpson, 3A, New Briggate, Leeds.	Photographer
x195	1914–18	Maidenhead Gas Co., 5, High Street, Maidenhead.	Gasworks
x196	1914–17	Grainger and Smith, Ltd., High Street, Dudley.	Woollen Merchants and
x197	1914-(?)	Paget and Rymer, Tytherington,	Warehousemen. Farming
æ198	1915–16	Falfield, Glos.  J. Blakeborough & Sons, Ltd., Brighouse, Yorks.	Engineers and Valve
		Disgrouse, Torks,	Makers, Iron and Brassfounders.

<sup>(</sup>a) Held through "Gilbert Bros. Employees, Ltd."

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	Number of Employees at date of Fermination.	How Bonus was Paid.	Nature of Investments (if any) by Employees.	Reason for Abandonment of Scheme.	Serial No.
_	5.	6.	7.	8.	9.
	18	c.	_	Dissatisfaction of employees.	x171
	250	C.	Shares.	Dissatisfaction of employees.	x172
	465-523	c,	_	Dissatisfaction of employers	x173
-	7	c.	Deposits.	with results.  Dissatisfaction of employers	x174
-	50	C.	Deposits.	with results.  To allow employees to invest in	x175
-	10	C.		War Loan. Change of management.	x176
-	94	P.S.	Shares (a)	Dissatisfaction of employees;	x177
-	1,150	C.	_	demand for increase in wages. Confusion caused by wages awards in which bonus some- times was taken into account	x178
-	Not known	c.	Preference Shares.	and sometimes not. Dissatisfaction of employees.	x179
-	19	C.	-	Dissatisfaction of employers with results.	x180
	3	C.		Shortage of staff.	x181
1	46	C.	-	Dissatisfaction of employees.	x182
	50-130	C.	_	Liquidation.	x183
	40	C.	_	Apathy of employees.	x184
1	84	w.s.	Ordinary Stock	Undertaking municipalised.	x185
	600	P.(b)	Deposits and Deposits (P.F.)	Dissatisfaction of employers with results; strike.	x186
	58	C.	Deposits (1.1.)	Want of success.	x187
	406	S.P.	Shares and Deposits.	Dissatisfaction of employers with results.	x188
	Not known	C.	— Deposits.	Dissatisfaction of employees.	x189
	14	C.	Shares and Deposits.	Business formed into a limited company.	x190
	230	C.	- Deposits.	Dissatisfaction of employers with results.	x191
	5	C.		Farm given up.	x192
	300	C.		Apathy of employees.	x193 x194
	7	C.		Outbreak of war.	x194 x195
	50	w.s.		Dissatisfaction of employees.	x195
	750	P.	Deposits.	Abandoned in favour of monthly bonuses.	x197
	Not knows	C.	-	Farm given up.	x198
	900	C.	-	Introduction of the 12½ per cent. bonus.	
	1	N. Thursday	1	heen accumulated, further bonuse	s were

<sup>(</sup>b) But after a prescribed amount had been accumulated, further bonuses were paid in cash.

### APPENDIX B. (i).

ABANDONED SCHEMES OF PROFIT-SHARING OR LABOUR CO-PARTNERSHIP, SUMMARISED BY (a) FORM OF BONUS PAYMENT AND (b) PERIOD IN WHICH STARTED.

	Schemes started									
	Up to and in- cluding 1870.	1871-80.	1881– 85.	1886- 90,	1891– 95.	1896- 1900.	1910- 10.	1911- 19.	Total.	
C W P S C.P C.S Miscel- laneous. Not known.	16 	9 1 - 2 - 1	4 - - 2 - 1	42 1 1 2 4 1 2 5	37† 1 — 2 † 2 2 2	13 -3 -2 1 -	23 -2 -2 -2 -2	8 1 - - 2	152‡ 3 7 2§ 14 2 9   9	
Total	17	13	7	58	44	19	29	11	198	

<sup>\*</sup> The references are to the code letters used in Appendix B. (pp. 168-183). For an explanation of these code letters, see notes at head of Table on pp. 168-9.
† One employer had a C. scheme on one farm, and a C.S. scheme on another. The latter has been ignored, as no bonus was ever paid under it.
‡ Including four schemes where the bonus was C. for the greater part of the time, but either P., C.P., or S. for the remaining years.
§ Including one scheme in which the bonus was S. for the greater part of the time, but C.P. during the first few years.

| Including two W.S. schemes; two W.P. schemes; one P.S. scheme; one S.P. scheme; and Nos. x 34, x 45, and x 112, which cannot be classified under any of the regular headings. the regular headings.

#### APPENDIX C.

# RATIO OF BONUS TO WAGES UNDER PROFIT-SHARING SCHEMES 1901-18 (SO FAR AS REPORTED).

#### Notes.

- (i.) It should be noted that the figures for each year include bonus distributions under schemes which were in existence in that year but have since been abandoned.
- (ii.) Where a firm has two distinct and separate schemes, the bonus distribution under each scheme has been counted separately.
- (iii.) Where the bonus is paid at intervals of less than a year, the total amount paid for the whole year has been taken.
- (iv.) No information can be given as to the ratio of bonus to wages in a certain number of schemes in each year. In addition to those cases where the employers have failed to make returns, there are two classes of schemes in which the ratio of bonus to wages can rarely be given, viz., (a) schemes based on the issue of shares to employees gratuitously or on specially favourable terms, and (b) schemes based on the acceptance by employers of savings or deposits from employees at a rate of interest varying with the profits. In such cases the bonus is a sum varying with the value of shares held or with the amount of savings or deposits received, and does not necessarily bear any relation to the wages or salaries of the employees concerned.

Angula Librar

		-				
Ratio of Bonus to Wages.*	No. of Schemes to which the par- ticulars relate.	No. of Partici- pants.	No. of Schemes to which the par- ticulars relate.	No. of Partici- pants.	No. of Schemes to which the par- ticulars relate.	No. of Participants.
					100	12
	190	01.	19	02.	190	93.
Nil  Under 1 per cent  1 and under 2 per cent  2 , , , 3 ,  3 , , , 4 , ,  4 , , , 5 ,  5 , , , 6 ,  6 , , , 8 ,  8 , , , 10 ,  10 , , , 12 ,  12 , , , 16 ,  16 , , , 20 , ,	7 -3 7 9 8 7 4 3 2 3 -1	+ 141 1,301 4,702 928 2,046 742 73 362 1,479 -	8 1 -6 8 6 10 5 2 5 1	† 113 - 620 419 2,273 2,066 4,877 110 455 1,361 - 49	9 1 2 7 7 4 6 7 1 3 1	† 119 334 819 880 814 2,283 6,077 108 163 28 1,442
Over 20 per cent						or a public
Total ··· ···	54	11,816	53	12,343	50	13,067
Average Ratio :	5·0.p	er cent.	5.9 p	er cent.	6.8 pc	er cent.
Askwall carried to 1000	1	904.		1905.	1	906.
Nil	12	+	6	1	9	+
Under 1 per cent  1 and under 2 per cent  2 , , , , , , , , , , , , , , , , , ,	5 5 6 6	1,093 2,813 1,260 863 1,94 1,40 5,13 17	8 0 6 6 6 7 7 5 3 0 4 3 9 1	609 3,044 656 1,14' 1,90 1,455' 5,04 2,81 20 	6 4 6 8 6 6 3 4 5 2 1 1	862 3,024 492 1,075 1,994 1,837 5,435 275 1,205 1,670 53
Average Ratio ‡	6.5	per cent.	6:5	per cent.	7:1	per cent.

<sup>\*</sup> The ratio is based on the wages, not of the total number of employees in the respective firms, but of those only who were covered by the profit-sharing arrangements.

arrangements. + For the number who would have been entitled to participate if a bonus had been paid, see Appendix C. (i) on p. 189. + Taking into account the number of participants in each case where a bonus was paid, and also (in cases where the bonus was nil) the number who would have been entitled to participate if a bonus had been paid.

Ratio of Bonus to Wages.*	No. of Schemes to which the par- ticulars relate.	No. of Partici- pants.	No. of Schemes to which the par- ticulars relate.	No. of Partici- pants.	No. of Schemes to which the par- ticulars relate.	No. of Partici- pants.
	19	07.	19	08.	19	09.
Nil	8 1 3 6 6 4 5 11 2 4 2 2	† 1,100 559 627 3,131 728 1,956 7,594 228 1,087 89 1,766 56	16 1 2 7 6 5 12 9 1 5 3	1,100 247 15,347 2,470 1,141 3,959 7,541 78 222 1,899 — 55	10 2 5 5 9 10 13 12 1 2 2 2	† 1,621 2,180 235 18,460 957 4,507 8,285 50 39 1,854 634 59
Total	55	18,921	62	34,059	71	38,381
Average Ratio :	6.0 be	r cent.	4.5 pe	r cent.	4.8 per	cent.
	19	10.	19	11.	19	12.
Nil	9 2 6 4 11 10 16 16 7 2 1 1 1	† 315 3,471 207 10,894 18,974 2,869 3,289 8,342 42 1,885 112 61	17 2 3 2 11 14 12 25 6 4 3 -1	† 399 2,322 207 10,657 2,310 19,220 5,847 7,610 2,660 145 — 66	16 1 4 6 13 10 17 21 4 5 5 5 - 2	\$280 858 3,079 1,742 11,122 21,796 4,418 7,311 507 4,077 67 55,257
Average Ratio ‡	5.0 pe	r cent.	5.5 per	cent.	5.8 per	cent.

<sup>\*</sup> The ratio is based on the wages, not of the total number of employees in the respective firms, but of those only who were covered by the profit-sharing

† For the number who would have been entitled to participate if a bonus had been paid. see Appendix C. (i) on p. 189.

‡ Taking into account the number of participants in each case where a bonus was ‡ Taking into account the number of participants in each case where a bonus was paid, and also (in cases where the bonus was nil) the number who would have been paid, and also (in cases where the bonus had been paid.

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	1		27 0		No. of	
Ratio of Bonus to Wages.*	No. of Schemes to which the par- ticulars relate.	No. of Partici- pants.	No. of Schemes to which the par- ticulars relate.	No. of Partici- pants.	Schemes to which the par- ticulars relate.	No. of Partici- pants.
	191	13.	19	14.	19	15.
Nil Under 1 per cent 1 and under 2 per cent 2 ,, 3 ,, 4 ,, 3 ,, 4 ,, 4 ,, 5 ,, 5 ,, 6 ,, 6 ,, 8 ,, 8 ,, 10 ,, 10 ,, 12 ,, 11 ,, 16 ,, 12 ,, 16 ,, 16 ,, 20 ,, Over 20 per cent	16 1 6 7 6 18 15 25 8 6 2 1	† 247 343 3,307 1,504 2,891 14,917 23,797 9,731 2,358 801 15 64	18 1 4 9 9 11 23 24 10 2 5 2 3	† 235 502 4,362 1,851 1,700 15,945 25,783 9,615 219 6,336 1,147 76	7 1 2 4 13 13 12 22 4 4 4 3 1	† 4 118 460 31,585 2,134 6,416 12,411 1,083 3,204 5,051 1,007 15
Total	113	59,975	121	67,771	90	63,488
Average Ratio ‡	5.9 pe	er cent.	6.7 p	er cent.	5·3 p	er cent.
	1:	916.	1	917.		918.
Nil	14 11 10 2 1 6 3 5	9,740 9,404 4,087 2,801 3,566 2,256 893 5,8,931 1,58 2,111	6 20 10 7 3 8 8 5 6 6 4 4 8 5 7	10,007 460 2,553 12,611 2,171 3,188 3,428 1,356 200 5,83 3,88 3,50	6 9 9 3 3 2 8 8 7 7 7 9 9 2 8 8	2,248 9,734 590 1,246 224 401 2,656 1,806 2,817 8,003 1,001 4,427
Average Ratio ‡ .	4.6	per cent.	5.3	per cent.	5:1	per cent.

<sup>\*</sup> The ratio is based on the wages, not of the total number of employees in the respective firms, but of those only who were covered by the profit-sharing

arrangements.

† For the number who would have been entitled to participate if a bonus had been paid, see Appendix C. (i) on next page.

† Taking into account the number of participants in each case where a bonus was paid, and also (in cases where the bonus was nil) the number who would have been entitled to participate if a bonus had been paid.

| For details of distributions in 1918, see Appendix C. (ii) on next page.

# APPENDIX C. (i).—RATIO OF BONUS TO WAGES: SUMMARY FOR PERIOD 1901-18.

Year.		Number of	Number of	Average Ratio, taking into account		
		schemes to which the particulars relate.	Participating (in cases where a bonus was paid).	Entitled to participate (in cases where the bonus was nil).	the number participating (or entitled to participate) in each case.	
1901						Per cent.
1902	•••	•••	54	11,816	1,703	5.0
1903	•••	•••	53	12,343	2,276	5.9
1904	•••	***	50	13,067	1,790	6.8
	•••	•••	52	16,341	1,959	6.5
1905	•••	•••	52	16,942	1,641	6.5
1906	•••		58	17,922	1,936	7.1
1907	•••		55	18,921	2,005	6.0
1908			62	34,059	1,847	4.5
1909			71	38,881	1,935	4.8
1910			86	50,461	2,017	5.0
1911			100	51,443	3,300	5.5
1912			104	55,257	4,083	5.8
1913			113	59,975	4,174	5.9
1914			121	67,771	2,107	6.7
1915			90	63,488	1,117	5.3
1916			94	45,440	19,920	4.6
1917			94	49,206	19,163	5.3
1918			93	35,153	29,777	5.1
	erage 901 –	for }	78	36,583	5,709	5.5

### APPENDIX C. (ii).—DISTRIBUTIONS OF BONUS IN 1918.

Ratio of Bonus to Wages.	No. of Schemes to which the particulars relate.	Total No. of Employees.	No. of Participants.	Amount of Bonus.
Nil  Under 1 per cent  1 and under 2 per cent.  2 , , 3 , ,  4 , , 5 , ,  5 , , 6 , ,  6 , , 8 , ,  8 , , 10 , ,  10 , , 12 , ,  12 , , 16 , ,  16 , , 20 , ,  Over 20 per cent	17 6 6 9 9 3 2 8 7 7 9	32,660 2,873 14,348 783 1,657 364 566 3,187 6,759 4,294 8,383 1,503 5,833	* 2,248 9,734 590 1,246 224 401 2,656 1,806 2,817 8,003 1,001 4,427	£ 1,796 20,051 1,389 3,976 771 2,032 14,800 20,622 26,804 76,931 15,856 77,448
Total	93†	83,210	35,153†	262,476

Average ratio of bonus to wages, taking into account the number participating (or entitled to participate) in each case = 5.1 per cent.

<sup>\*</sup> The number entitled to participate in schemes in which the bonus was nil

was 29,777.

† These figures relate to those schemes only in which the ratio of bonus to the wages can be given. The amount of bonus is known in twelve other cases. The wages can be given. The amount of bonus paid in 1918 in these 105 schemes was £299,728; it was total amount of bonus paid in 1918 in these entitled to participate in cases where paid to 52,056 participants (excluding those entitled to participate in cases where the bonus was nil, who numbered 29,777). For further particulars, see p. 23 above.

#### APPENDIX D.

# PROFIT-SHARING IN FARM SETTLEMENTS BELONGING BOARD OF AGRICULTURE AND FISHERIES.

The Board of Agriculture and Fisheries have introduced, experimentally, a profit-sharing scheme for ex-Service men, at certain of their farm settlements. These settlements are at Patrington (Yorkshire), at Pembrey (South Wales), at Rolleston (Nottinghamshire), at Amesbury and Berwick

St. James (Wiltshire), and at Wantage (Berkshire).

The profit-sharing scheme provides that, after payment of all working expenses (i.e., interest on capital, rent, rates, repairs, etc.), and the allocation of 20 per cent. of the annual profits to a reserve fund, formed for the purpose of meeting losses and maintaining a yearly dividend, the remaining net profits on the farm are divided between capital, management, and labour, in proportion to the amounts that have been paid out to them in the "Working Account."

Each Michaelmas the produce and stock in hand is valued by an inde-

pendent valuer, to determine the annual profit.

The dividend due to capital is divided between the settlers and the State in proportion to their respective contributions to the "Working Capital.'

The dividend due to management is allocated to directors, assistant directors, and their staffs; and to the State, in respect of administrative

costs at the Head Office.

The profits allocated to labour are divided among the settlers in proportion to the amounts paid out to them during the year. A settler is not allowed to share in the profits until he has worked for six months on probation; and the proportion of the profits corresponding to the earnings of casual workers, or of workers who have not completed the six months' probationary period, is carried forward. The Director of each settlement has power to dismiss a settler if he proves unsuitable on giving the usual has power to dismiss a settler if he proves unsuitable, on giving the usual notice.

Settlers are allowed to invest any of their dividend or other capital in the working capital, receiving interest at the rate of five per cent., and also the dividend due to capital, as above, under the scheme for the distribution of the profits. A settler's "share" may not be sold, except to the Board of Agriculture and Fisheries, who will take it over at par, either (i) on fourteen days' notice, (ii) on his death, or (iii) on his leaving

the settlement.

Except at Patrington (where 48 ex-Service men are now employed), the scheme is of very short standing, and cannot be said to have passed the experimental stage. At Patrington, the balance sheet for the eighteen months ended Michaelmas, 1918, showed a profit; but only one ex-Service man had served the six months' probationary period, qualifying him to participate.

RULES OF CERTAIN PROFIT-SHARING OR CO-PARTNERSHIP SCHEMES.

#### APPENDIX E.

### RULES OF CERTAIN PROFIT-SHARING OR CO-PARTNERSHIP SCHEMES.

All the rules quoted in this Appendix, with one exception (one of the anonymous schemes) relate to schemes actually in force at the present time. An endeavour has been made to give a representative selection of rules relating to various industries, and to several types of scheme (cash bonus schemes, savings or deposit schemes, and shareholding schemes).

### (i.) SIR W. G. ARMSTRONG, WHITWORTH AND Co., LTD.

#### Rules of Employees' Deposit Fund.

1. Amount.—Deposits of not less than one shilling and not more than one pound of the depositor's weekly wages will be received from persons in the employ of the company each week. The amount agreed upon will be kept off through the wages sheets.

2. Officials who are paid quarterly may deposit sums of not less than one shilling and not more than two pounds per week. The amounts must

be handed in at the Cashier's Office of each department.

3. In the case of employees paid weekly, the total amount which may be deposited is £200. In the case of those paid quarterly, the total is £400.

4. Interest and Bonus.—A fixed sum equal to 4 per cent. per annum will be allowed as interest on all deposits, and will be added to the depositors' accounts at the end of June and the end of December in each year, except in the case of such depositors as may give notice of their intention to withdraw the interest in cash.

5. In addition to the fixed rate of interest, a bonus will be declared each year equal to half the difference between the fixed rate of 4 per cent. and the dividend payable on the shares of the company. As in the case of the fixed interest, this bonus will be added to the depositors' accounts unless

they give notice of their intention to withdraw it.

6. Sums withdrawn will be entitled to only 4 per cent. interest from the 31st December preceding up to the date of repayment. They will, however, be entitled to their proportion of the bonus up to the said 31st 7. No interest or bonus will be allowed on sums of less than ten shillings, December preceding.

or in respect of any period less than one calendar month.

8. Deposit Books.—All sums deposited with the Company will be entered in a deposit book. On a date which will be duly announced, this book will be handed to those depositors having time boards, at their respective time offices, by one of the company's staff, and on production by the depositors of their time boards.

9. In order to be written up, all deposit books must be returned at the time offices once in each month, to one of the company's staff appointed to

receive them, and on a date which will be duly announced. 10. Those officials who have not time boards will receive their deposit books direct from the account branch and must return them there each month.

11. Repayments and Withdrawals.-Deposits will be repaid or may be withdrawn as follows:-

Up to one-half on seven days' notice. The whole on fourteen days' notice.

12. Under special circumstances the company will allow deposits to be

13. Persons leaving the employ of the company will be repaid their withdrawn without notice.

deposits at the expiration of fourteen days. 14. Supplementary Rules.—The interest and bonus payable under the Rules will be limited to a total of 10 per cent. on all deposits made after June 30th, 1901. The minimum will be 4 per cent. as hitherto, and the

sliding scale will apply subject to the above limit.

15. In the case of deposits made on or before June 30th, 1901, the

foregoing rule will apply on and after January 1st, 1903.

16. The Board of directors reserve the right of fixing a limit to the total amount which will be received upon these terms.

### (ii.) T. AND C. H. ARROWSMITH, LTD.

The directors intend to grant to the workpeople a bonus on the profits of the company, whenever such profits are in excess of an amount equal to

10 per cent. on the ordinary shares.

The bonus will, after allocation of the above-mentioned 10 per cent., consist of 25 per cent., or one quarter, of the remaining profits, as shown by the accounts recommended by the directors for adoption, and will be divided amongst the workpeople who are on the company's books at the date of the annual stock-taking (usually June), pro rata according to their total earnings during the year.

It is to be distinctly understood that this bonus distribution is at the absolute discretion of the directors, who may vary, withhold, or withdraw same at any time, without notice, and that it is an ex gratia distribution

not forming part of any contract.

 Chairman.
 Secretary.

## (iii.) BRITISH CYANIDES Co., LTD.

### Rules of Industrial Benefits Scheme.

- 1. That before any sums are set aside in any year for the benefit of the employees there shall be paid:-
  - (a) A minimum wage which shall not be less than the pre-war wage, adjusted from time to time to the cost of living.
  - (b) A minimum dividend to the shareholders of 6 per cent. per annum, free of tax, on the issued share capital of the company.
  - 2. That for each 1 per cent., free of tax, declared as dividend on the issued capital of the Company over such minimum of 6 per cent., and up to a total dividend of 10 per cent., there shall be set aside a sum equal to 21 per cent. upon the total sum paid during that year in wages and salaries, other than to the directors and managing directors, so that in any year when 10 per cent., free of tax, is received as dividends by the shareholders, there shall be set aside for the employees of the company a sum equal to 10 per cent. of the total sum paid in wages and salaries during that year, and, further, that for each 1 per cent., free of tax, above 10 per cent. distributed as dividend, there shall be set aside an additional sum of 1 per cent. upon the total wages and salaries.

3. That when, after payment of dividends at the rate of 6 per cent., free of tax, any portion of the profits are placed to reserve, an amount equal to that which would have been set aside, if such profits had been distributed in dividends, shall be placed to a special reserve for the collec-

tive benefit of the employees.

4. That a consultative committee be formed of employees of the company, of whom not less than half shall be workmen, for the purpose of administering the funds thus set aside, and of considering all matters relating to the general welfare of the employees of the company, including the equitable adjustment of the minimum wage to the cost of living, with power to make recommendation to the board of directors.

5. That suitable machinery shall be established for regulating relations

between the board and such consultative committee.

6. That the general principle governing the distribution of the sums thus set aside shall be to increase the productivity of labour by improving the working and social conditions of the employees and, inter alia,

(a) By distributing a portion in cash over the succeeding year, by weekly payments based upon regular attendance, and by payments periodically as a reward for efficient work, subject to a minimum period of service in the employment of the Company.

(b) By placing the remainder to a fund administered for the collective

benefit of the employees.

### Constitution and Functions of Consultative Committee.

That the consultative committee consist of nine members.

2. That the managing director be ex-officio chairman of the consultative committee.

3. That the works manager be a permanent member of the consultative committee.

4. That the consultative committee shall appoint as permanent secretary a member of the clerical staff of the company, who shall be paid a salary from the funds at the disposal of the committee.

5. That of the seven members of the consultative committee, other than the chairman and works manager, two be elected from the staff of the company, one be a foreman and four from the workmen.

N.B .- It is understood that foremen are to be regarded as workmen, and

therefore are eligible for election as workmen members

6. That the staff representatives be elected by the staff, the foreman by the workmen, and the workmen representatives by the workmen, in the manner set out below:-

(a) The foreman member shall be elected by the workmen from both works by ballot, from a list of the foremen issued annually by

the works manager.

- (b) Any workman above 21 years of age who shall have been continually in the employment of the firm for two years prior to the first day of the year in which the election is held, excepting only the foreman elected as the foreman member, shall be eligible for election as a workman member.
- (c) Of the four workmen members two shall be elected from each works. (d) Any ten workmen may nominate one workman member for the committee, such nominations to be ballotted for by general ballot.
- (e) Each workman shall only sign one nomination paper, such signatures to be made clearly, and in the event of any man not being able to sign his name his mark must be accompanied by his
- foreman's signature as witness. (f) The two names from each works receiving the highest number of votes in the general ballot, together with the foreman elected as above, shall constitute the workmen's section of the com-
- (g) For the purpose of electing workmen members of the committee, every workman who has been continually in the employment of the firm for three calendar months prior to the date of election shall be entitled to four votes.
- 7. That for the election of the staff similar procedure be adopted as for the workmen, but for each nomination sent in, only four signatures will be necessary, and each member of the staff shall have two votes.

8. That the two elected members of the staff, the foreman, and two of the four workmen members shall retire annually from the committee, but shall be eligible for re-election. The two workmen members remaining on the committee for the second year shall be the one from each works who received the highest number of votes, or, in the event of equality, shall be chosen by lot:

9. That meetings be held every three months between two members of the committee elected by the committee and two members of the board

of directors, alternately in London and Oldbury.

10. That in the event of the committee desiring to discuss a special point with the board of directors, the committee shall elect two of its members for the purpose of meeting two members of the board of directors, and shall instruct the secretary of the committee to write to the secretary of the company asking him to lay the matter before his board in order that a meeting may be held at an early date at the convenience of the directors.

11. That at such meetings the managing director shall not be a representative of the board of the company or of the committee, but either

party may invite him to be present in an advisory capacity.

### (iv) MESSRS. EVA BROTHERS. Profit-sharing Scheme.

In order to further the interest of our employees in the welfare of this business, and to promote the mutual goodwill and hearty co-operation between employers and employed which will be so necessary in the days to come, we have inaugurated a profit-sharing scheme for the benefit of our regular servants.

Share of Profits.—We earmark a definite proportion of our net profits for the benefit of our employees. This proportion as well as the definition of the term "net profits" is known only to ourselves and our auditors (Messrs. . . . ), who will certify from time to time the amount due for division under this scheme.

Time of Payment.—The profits are payable quarterly, towards the end of the quarter following the one in which they are gained.

Beneficiaries and Qualifications .- The beneficiaries are all our employees with six months' continuous service, and full completion of the current quarter's service. The amount of profits for division is equally divided amongst the total number of beneficiaries, irrespective of earnings, each employee thereby receiving the same share. Up to the age of 18, each beneficiary receives only one fourth part of a full share.

Tribunal.—A mixed tribunal has been instituted, consisting of three employers or persons appointed by them, and three or more employees, who settle all points of difference arising in the working of this scheme. In case of non-agreement of the tribunal, our solicitor shall decide.

Duration of Scheme .- As this division of profits is in the nature of a free gift by us, involving no extra obligation on the part of our employees, we retain the right to amend it or cancel it at any time with or without notice.

### (v) WILLIAM GRAY AND COMPANY (1918), LIMITED. Rules of Profit-sharing Scheme.

1. The Trustees shall be appointed as follows: Every trade or section in each of the yards and/or works of the Company shall elect a representative, and the representatives so elected shall meet together and elect the Trustee for the yard and/or works, who shall be an employee of the Company. The Trustees shall appoint some other employee of the Company. pany, which appointment must have and continue to have the approval of the Directors of the Company, to act as Secretary, and the remunera-tion of such Secretary, the whole of whose time shall, if required, be devoted to this work, shall be paid by the Company. The reasonable remuneration of the Trustees, to be fixed as to amount by the Directors, shall also be paid by the Company.

2. This Agreement shall, as hereinbefore limited, be operative in the first instance for the years 1919, 1920 and 1921, provided always that in the event of the Government passing legislation involving profit-sharing, co-partnership or restriction of profits other than by means of the Excess Profits Duty, the Directors retain the right to withdraw the Agreement, and in the event of such withdrawal the divisible profits as hereinafter defined shall be calculated to the date of the withdrawal. The Agreement may be renewed for a further period by the consent of both parties.

3. The net profits of the Company, after the Directors shall have made what, in their sole opinion, are the necessary allocations, shall be divided, subject to the provision in Clause 10 hereinafter contained, as to 80 per cent. to the Shareholders of the Company and as to 20 per cent. to the employees, which latter amount shall for the purposes of this Agreement

be deemed as the divisible profits under this Agreement.

4. Every man and woman in the Company's employment who has attained the age of twenty-one years, and who has been in the employment of the Company not less than twelve calendar months, shall, with the exception of the Directors of the Company, be deemed to be employees for the purposes of this Agreement, and subject to certain qualifying conditions hereinafter stated, shall participate in the divisible profits.

5. Employees who have without good and sufficient reason lost more than twelve days' time during any year shall not participate in the divisible profits. To enable a correct record of time to be kept every employee must

take out a card, time-board or check.

6. An employee shall not, for the purposes of this Agreement, be con-considered to have lost time (a) through absence during recognised holidays, (b) when sick, provided a satisfactory medical certificate be furnished to the timekeeper, (c) when in the opinion of his foreman or yard manager the weather shall prevent work, (d) when in the opinion of his foreman or yard manager there shall be insufficient material to hand, a breakdown of plant or machinery, or for other reasons the man's job was not ready for him, (e) when given leave of absence by his foreman or yard manager for any definite purpose.

7. An employee leaving the firm, provided he was not discharged through misconduct, and provided he had worked for three months of the year or more and had satisfied pro rata the conditions of this and other clauses of this Agreement, shall be entitled to share in the divisible profits in

proportion to the length of the period worked.

8. An employee returning to the services of the Company may share in the divisible profits for the current year, on he/she beginning work before the 1st October of that year, under the same conditions as those of

9. The amount to which any employee is entitled shall be calculated upon his salary or wages, exclusive of any payment for overtime. Where wages are customarily paid on piece rates, the amount shall be calculated upon the time rate basis ruling in the trade. The amount due to any employee shall be ascertained by multiplying the divisible profits by his or her annual wage, as above-mentioned, and dividing the result by the total

wages on which divisible profit is due to be paid.

10. The divisible profit shall be paid within one month of the completion of the Company's Balance Sheet for the previous twelve months ending on the 31st day of December in each year or so near thereunto as may

be practicable.

11. The amount of divisible profit to which an employee is entitled shall be decided by the Trustees who may refer any question to the Chairman of the Directors whose decision shall be final, and shall not be a question for arbitration under the last clause hereof.

12. Time lost by reason of a lock-out, general or district strike, whether authorised by Trade Unions or not, shall not be considered as time wilfully lost and shall not debar participation in the divisible profits. The

Directors of the Company are most anxious not only to continue to work on the friendliest relationship with the Trade Unions, but, if possible, to improve that relationship. Time lost by reason of a strike on a scale smaller than a district strike shall be considered as wilful loss of time, and the days so lost shall be counted under the conditions of Clause 5 hereof.

13. The Trustees may demand a Certificate of the Company's Auditor or Auditors as to the exact amount of divisible profits available for division

amongst the employees under this Agreement.

14. Divisible profit due to men who cannot be traced within twelve ealendar months from the date of distribution shall be paid into a special reserve fund, which fund shall be available to meet any unexpected or late claims, and shall be carried forward to the following year. The fund will then be administered by the Trustees.

15. If an employee who is entitled to a share of the divisible profits shall die during the currency of a year the whole of the amount due to him or her up to the date of death shall be paid to his or her next-of-kin.

16. Any dispute or difference between the parties hereto arising under this Agreemnt shall (except as aforesaid) be referred to an Arbitrator to be mutually agreed between the Directors of the Company and the Trustees, and the award of any such Arbitrator shall be binding and conclusive on both parties, and the provisions of the Arbitration Act, 1889, shall apply to any arbitration under this clause.

### (vi) R. S. MURRAY AND Co., LIMITED.

#### Bonus Scheme.

In order to encourage diligence and to give the workers a direct interest in the Company's prosperity the Directors have decided to give a bonus to all their workers who have been in the regular service of the Company for twelve months previous to the 30th June in each year, commencing from the 1st July, 1912, and qualified in accordance with the rules and regulations set out the service of the Company for the late of the control of the service of the control of feeling of goodwill and loyalty of the workers and also tend to greater efficiency and carefulness, with the result that preventable waste of raw materials, finished goods, fixtures, and plant will be reduced to a minimum.

The bonus payable will be based upon the amount of the ordinary dividend declared in each year as follows: -After payment of six per cent. on the ordinary shares, for every additional one per cent. paid to the ordinary shareholders one per cent. will be paid to the workers, and the total sum this amounts to will be credited to the total wages account of the workers; and the percentage that sum bears to the total wages paid will

be the percentage payable to each worker who has qualified.

In order to qualify for participation in the bonus the following rules and regulations must have been observed and obeyed :-

#### Rules.

(1) Each worker must have been in the employ of the Company continuously for twelve months commencing 1st July of one year till 30th June of the next year, and be still in their employ at the time the bonus is distributed.

(2) Any worker who has been absent from work for any period during the twelve months without the express permission from the Company will not be eligible to participate in the bonus.

(3) Any worker who has voluntarily quitted, or has been dismissed, the Company's service during the year—even should such worker be subsequently re-engaged during the period of the twelve months-will lose all rights to participate in the distribution for that year.

(4) All workers must have observed all the rules and regulations as set out in the book of rules governing their employment as handed to and agreed to by them on entering the Company's

service

The Directors reserve discretionary power to waive the disqualification of any worker who has been absent through illness, slackness of trade, or any other cause over which he or she has no control; but in the case of workers put off through slackness of trade, should they not return to work when requested to do so, they forfeit all right to participate in the bonus, and shall be absolutely barred from doing so.

No worker shall be able to qualify for participation in the bonus who

is paid wholly or in part by commission or bonus.

The accounts of the Company are made up from the 1st February to the 31st January in every year, the result being known, and the bonus (if any) distributed, in the beginning of April. The Directors will not allow any question as to the accuracy of the accounts, the certificate of the Company's auditor as to the dividend earned being conclusive.

This bonus scheme being entirely a voluntary and free gift by the Directors to the workers, they reserve the right to withdraw or amend it at any time by giving twelve months' notice in the month of February in any year of their intention of so doing.

### (vii) S. P. MYERS AND Co., LIMITED.

### Employees' Profit-Sharing Scheme.

1.—The Company have determined to adopt a scheme for sharing profits with certain of their employees, who are hereinafter called " Participating Employees."

2.—The scheme is intended to take effect as from 1st January, 1919, and will be in accordance with the details hereafter set forth, subject to variations which may from time to time be made by resolutions of the Company in general meeting.

The participating employees will include all persons (male or female) in the permanent and exclusive employ of the Company, except:-

- (a) Those who are remunerated entirely or partly by commission on profits;
- (b) Those whose remuneration from all sources exceeds £500 per annum;
- (c) Any employee who has not been employed by the Company for a full period of 12 calendar months preceding 31st December of each year.

4.-It is intended that the net profits of the business in each financial year-after providing for depreciation, reserve fund, remuneration of governing and other Directors, commissions to persons entitled to commissions on profits, interest on mortgages and loans, income tax, excess profits duty, preferential dividends, and other outgoings-shall be applied in payment of a dividend at the rate of five per cent. per annum on all ordinary shares and employees' shares for the time being issued, and that the surplus shall be applied in payment of a bonus to participating employees and of further dividends on the ordinary shares and employees' shares in such manner that the bonus on wages and the further dividends on shares shall be at the same rate per cent.

The bonus to employees in each year will be apportioned on the following basis, namely:-

(a) Employees of from one to ten years' standing to rank for their last year's wage or salary.

(b) Employees of from ten to twenty years' standing to rank for one and a half times the last year's wage or salary.

(c) Employees of over twenty years' standing to rank for double the last year's wage or salary.

5.—The bonuses payable to participating employees will, at the discretion of the Directors,\* be paid in cash or applied in paying up employees' shares of £1 each to be issued to participating employees. Fractions of £1 will be placed to the credit of the employee entitled thereto. and carried forward to the next bonus distribution. Any bonus which accrues in respect of the wages of a participating employee whose employment commences or determines during the currency of a financial year will not be paid to such employee but will be placed to the credit of an Employees' Benefit Fund in the books of the Company, and whilst to the credit of such fund interest at the rate of five per cent. per annum will be added thereto.

6.—Employees' shares may, if required by an employee and subject to the approval of the Directors, be issued at par to any persons in the employ of the Company although they may not be participating employees within the definition above set forth, but no employee will be allowed to take employees' shares of a larger nominal value than the bonus which he would have received on the basis above set forth for the period of employment if he had been a participating employee.

7.—Employees' shares will be of the nominal value of £1 each, will be fully paid up, and will rank for dividend along with the ordinary shares. In the event of a winding up, the shares rank for return of capital with the ordinary shares until the full amount of 20s. per share-has been returned, but they will not be entitled to any part of the surplus assets (if any).
8.—Employees' shares will not confer a right to vote, or to receive

notices of or attend at meetings of the Company, or to inspect or require

particulars of balance sheets or reports.

9.—An employee will only be entitled to retain his employees' shares so long as he remains an employee of the Company, and if by death, resignation, withdrawal, dismissal, or otherwise, he ceases to be employed by the Company, he or his executors or administrators must within six calendar months after such employment ceases, or such further time as the Directors may for special reasons allow, transfer the share to some other employee of the Company or to some other person nominated and approved by the Directors. In default of such transfer being effected within the timenamed the Directors will be at liberty to cause the share to be transferred to any person nominated by them at any price they may think fit. In every such case the shareholder or his executors or administrators will receive only the amount paid for the share and will not be entitled to question or dispute the transaction.

10.—To assist an employee shareholder, his executors or administrators in effecting a sale of any share or shares the Directors propose to allow a notice to be exhibited in a suitable place in premises occupied by the Company setting forth the number of shares for sale and the name and

address of the holder.

11.—An employee holding employees' shares will be at liberty to transfer to any other employee or to any person approved by the Directors any of his shares so long as he continues to hold employees' shares equal to one full year's salary, wage or remuneration at the rate prevailing at the date of the proposed transfer.

12.—The Directors may at their discretion suspend or postpone the transfer of any employee's share for a period of six calendar months after the determination of his employment—the object being to discourage employees from leaving the Company for the purpose of realising their

shares.

13 .- An Employees' Benefit Fund is proposed to be created, which will be administered by the Directors at their discretion for the benefit of the employees of the Company. All money carried to the credit of the Employees' Benefit Fund will be entitled to interest at the rate of five per cent. per annum whilst the fund is retained by the Company.

December 21st, 1918.

<sup>\*</sup> For the present it is the intention of the Directors to apply the bonus in paying up employees' shares.

# (viii) E. S. AND A. ROBINSON, LIMITED (two schemes).

Rules of Profit-sharing Scheme (dated March 31st, 1919).

1. At the conclusion of each financial year the Directors will set aside for distribution among the workpeople of the Company a certain fixed proportion of the amount (if any) by which the clear profits of the Company's business for that year, excluding any profit or loss on the sale of plain papers and other goods not printed or manufactured in any way by the Company and excluding any profit or loss on the business of any subsidiary company, exceed a certain fixed minimum sum.

2. Distributions under this scheme will take place as soon as practicable after the Company's accounts for the year have been completed and

audited, and the amount for distribution ascertained.

3. If the profits of the Company for any financial year do not exceed the fixed minimum sum referred to in Rule 1 there will be no share of profits available for the workpeople, or should the amount available for division be less than £500, it will not be divided but carried forward to the following year, and for all purposes of these rules will be considered

as earned during such following year.

4. The sum available for distribution will be divided between the employees entitled to share in proportion to the actual earnings of each employee during the year, plus £1 for each completed year of uninterrupted service, calculated up to the last day of the financial year for which the distribution is made; that is to say, an employee earning £100 in the year and having been in the employ of the Company for 10 years would receive profit-sharing based on £110, or if 20 years' service on £120 and so on.

4. (a) The Directors reserve the right to pay any money due under this scheme in cash, in shares of the Company, or in Government Securities.

5. No employee will participate who has not been continuously in the employ of the Company for the two years immediately preceding the last day of February on which the financial year ends in respect of which the profits are divided.

6. No employee, the average rate of whose wages during the year when employed exceeds £6 per week, will participate in the division of profits

for that year.

7. No employee who is dismissed or leaves for other employment before the end of the Company's financial year will participate in the division of profits for that year. But,

(a) Any girl otherwise qualified to participate, who, having worked three months or more during the Financial Year, leaves to be married, shall participate in proportion to her earnings for each completed quarter of employment.
(b) Any employee otherwise qualified to participate, who, having worked three months or more during the Financial Year, retires through old are or ill health, shall participate in proportion.

through old age or ill health, shall participate in proportion to his or her earnings for each completed quarter of employment.

- (c) Any employee otherwise qualified to participate, who, having worked three months or more during the Financial Year, shall die, shall be entitled to participate in proportion to his or her earnings for each completed quarter of employment, but this provision shall not constitute the amount to which he or she may be entitled a debt from the Company, and the Directors reserve the right to pay the money to any person or persons whom they shall consider the most deserving dependent or dependents of the deceased employee.
- 8. The Directors reserve the right

(a) To exclude from the benefit of this Scheme any employee otherwise qualified for any cause, and particularly for carelessness, inefficiency or bad conduct.

(b) To alter the terms of this Scheme or discontinuo it entirely by giving notice at any time of such alteration or discontinuance, but such notice unless given before the end of May shall not have effect until the expiration of the then current Financial Year

9. The employees shall neither have the rights nor be under the liability of partners, and accordingly shall have no rights to intermeddle with the management or be entitled to investigate or inspect the accounts of

the business.

10. The decision of the Directors as to any question of law or fact and as to the interpretation of these Rules or any question arising thereunder shall be final and conclusive, and shall bind all persons participating or claiming to participate in the distribution under these Rules.

Rules of Workpeople's Deposit Account Scheme (dated January, 1914).

1.-Any person who has been in the employ of the Company for two years or over and who is approved by the Directors may have an account providing his or her salary does not exceed £300 per annum.

2.—No one may pay in more than 25 per cent. of his or her wages during the Company's financial year terminating on the last day in February,

nor have more than £200 on deposit.

3.—No deposit shall be less than 1s. and no withdrawal less than 5s.

unless the depositor's balance is below that amount.

4.—Interest at the rate of 5 per cent. per annum (subject to clause 5) will be paid by the Company, and in every year when the rate of dividend paid by E. S. & A. Robinson, Ltd., to their ordinary shareholders exceeds the average of the 4 years ending June, 1905, the rate of interest will be increased to the same extent up to a maximum of 10 per cent. per annum; for instance, if the Company's dividend is 1 per cent. above the average mentioned, an additional 1 per cent. will be paid to the Depositors, making 6 per cent. in all, and so on up to 10 per cent. This additional interest (if any) will be placed to the credit of the Depositor each year by May 31st, i.e. within 3 months of the close of the financial year.

5.—To encourage permanent savings the interest will be credited to each account quarterly (viz., on May 31st, August 31st, November 30th, and last day of February) on the sum standing to the Depositor's credit at the close of the previous quarter, first deducting therefrom all withdrawals made since that date. In calculating interest any fraction of 1d. less than  $\frac{1}{2}d$ . shall be ignored, but  $\frac{1}{2}d$ . or larger fraction shall be reckoned as 1d.

6.—Deposits will be received by the foremen on Saturdays from 12.30 to 1 p.m., and must be handed in by the Depositor, the money and pass book being in a sealed envelope, with the amount of the deposit marked on the outside or on a slip of paper placed inside the envelope. If desired, deposits may be sent to the Company's office by post, and all deposits received in this way will be acknowledged by post to the Depositor's private address on the Monday following. A week's notice must be given to the foreman or by post by anyone desiring to open an account.

7.—Payments in cash will be entered and initialled by cashier in the pass book supplied to the Depositor, and the book will be returned to the Depositor early the following week.

8.—Written notice of withdrawal, together with the pass book, to be handed to the foreman on Saturdays between 12.30 and 1 o'clock, or sent by post. Payment in cash will be made during the following week to the Depositor only and receipt signed by him or her. If desired, payment will be made by cheque to the Depositor's private address. The directors reserve the right to require two months' notice for the withdrawal of any sum exceeding £20.

9.—As the directors desire to encourage permanent saving on the part of their workpeople they reserve the right by giving notice to close the account of any Depositor who makes withdrawals too frequently, and also to close the account of any Depositor for any other reason, by, in either case, paying him or her the amount that he or she would be entitled to in

case of leaving as next herein provided.

10 .- Any Depositor leaving the employ of the Company will be paid the amount standing to his or her credit at that time, together with interest at the rate of 5 per cent. per annum to the date of his or her leaving on the amount standing to his or her credit at the end of the previous quarter, first deducting therefrom all withdrawals since that date, but will not participate in any higher rate of interest for that financial year.

11.—Any Depositor losing his or her pass book will be charged 6d. for a

12. In case of a Depositor's death any amount then standing to the credit of his or her account, and interest to the date of death from the lst of March preceding the death, shall be calculated and paid to the Executors or Administrators of the deceased person at the rate paid to the Depositors for the Company's preceding financial year, first deducting therefrom any interest already paid or credited to the deceased from the said 1st of March.

13.—The Directors reserve to themselves the right to revise the rules at

any time: notice of such revision to be given to the Depositors.

14.—The Directors may at any time close the accounts of all the Depositors by giving them notice thereof and repaying the amount then standing to the credit of each Depositor with interest, at the rate of 5 per cent per annum up to the date of closing on the sum standing to his or her credit at the end of the previous quarter, first deducting therefrom all withdrawals since that date.

15.—In case of any dispute arising between the Company and any Depositor as to the meaning or effect of the terms on which deposits are received, the same shall be referred to the Directors, whose decision shall

be final and conclusive.

#### (ix) THE SOLICITORS' LAW STATIONERY SOCIETY, LIMITED.

#### Staff Profit-Sharing Scheme.

The Articles of Association of the Society provide that everyone exclusively employed by the Society during the whole of any year in respect of which a dividend exceeding the rate of 6 per cent. per annum is paid to the shareholders, shall receive in respect of such year, for each additional 1 per cent. of dividend so paid, a bonus of 1 per cent. on the total amount (exclusive of expenses) paid to him or her during such year as wages, salary, or commission. Thus, if the dividend of 10 per cent. paid in respect of the year 1912 is maintained, the bonus will be at the rate of 4 per cent.

On the recommendation of the directors the society in general meeting has power, except in respect of a past year, to fix a lower rate of payment either in respect of the then current year or of any future years, or generally, or may alter the qualification of the employees to participate therein, or the system upon which the payments are to be computed, or may resolve that such or any similar payments be discontinued, either permanently, or for any specified period, or until the happening of any specified event.

No employee of the society shall have any right to investigate the accounts or books of the society, and the determination of the directors in regard to any question arising under or in relation to the bonus shall be conclusive as against the employees of the society.

The bonus is payable after the annual general meeting in each year to

Employees may, if they wish, allow the amount due to them as bonus to remain on deposit with the society at simple interest at the rate of 4 those who qualify. per cent. per annum, the principal with interest to date to be payable to them on any Friday between the hours of 11 a.m. and 3 p.m., except on Good Friday or a public holiday, by giving 14 days' previous notice in writing.

(Signed)..... General Manager and Secretary.

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The payment of bonus is made by means of the following warrant and covering letter which, it will be noticed, is so devised as to resemble a document used in paying a dividend, a form to which the General Manager and Secretary attaches some importance:—

Dear Sir (or Madam),  As the dividend declared in respect of last year was at the rate of per cent. per annum, a bonus is payable under the Profit-sharing scheme at the rate of per cent. upon the amount earned, by each employee exclusively employed by the society during the whole of such year. The amount due to you is £
Yours faithfully,
. (Signed)
General Manager and Secretary.
The solicitors' law stationery society, Limited.
STAFF BONUS WARRANT. Date
To the NATIONAL PROVINCIAL AND UNION BANK OF ENGLAND, LIMITED,  Lincoln's Inn Branch.  Embossed Cheque Stamp.
On behalf of the Society.
of the content of the latent to the first three three three the television and the content of th
Directon
General Manager and Secretary
The second secon
Employee's Signature  This Warrant must be presented within one month from date.

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retary.

# (x) South Metropolitan Gas Company.

Co-partnership with Officers and Workmen.

Object and Details of Working.—To induce all the officers and employees to take a real interest in their work by giving them a new motive for endeavouring to promote the prosperity of the company, and (equally by saving their annual bonus and becoming owners of property in the stock of the company.

By the sliding scale system (established by Act of Parliament) the profits the company may divide among its shareholders are dependent upon the price charged for gas—for every reduction of 1d. per 1,000 cubic feet the shareholders become entitled, by the Company's Act of 1900, to 2s. 8d. per cent. additional dividend, and, on the other hand, should the price of gas be raised, the shareholders' dividend is reduced 2s. 8d. per cent. for every penny.

It is therefore in the interest of the shareholders that gas should be sold at the lowest practicable price; but as the Act of Parliament did not apply the principle of the sliding scale to the employees of the company, they consequently had no direct interest in the price at which gas was sold.

In order to remedy this defect, the directors, on October 30th, 1889, unanimously resolved to offer to their officers and all workmen who were willing to sign agreements a share in the profits of the company in the form of a percentage on their salaries and wages. The principle of the sliding scale was adopted, the percentage (or bonus) rising when the price of gas is reduced, and falling when it is raised.

The initial price or starting point with the sliding scale which regulates the dividend of the shareholders is fixed by the Act of Parliament of 1900 at 3s. 1d. per 1,000 cubic feet, and the same figure now applies to the Co-partnership scheme. The shareholders get 2s. 8d. per cent. for each penny reduction in the price of gas. The Co-partnership bonus is at the rate of 15s. per cent. on the annual salary of the officers and the year's wages of the workmen for each penny at which gas is sold below 3s. 1d. per 1,000 cubic feet.

One-half of the bonus is invested in the company's Ordinary Stock in the names of the three trustees until the amount credited to any co-partner is sufficient to give him a stock certificate in his own name. The remaining half of the bonus is left in the company's hands to accumulate at interest, or it may be invested in stock with the trustees, or it may be withdrawn under special circumstances by giving a week's notice.

#### Scale of Bonus.

If the price of gas is at or above 3s. 1d. per 1,000 feet-No Bonus.

At 3s. 0d 3 per cent.	At 2s. 5d6 per cent.
, 2s. 11d.—1½ ,,	$,. 2s. 4d6\frac{3}{4},$
., 2s. $10d2\frac{1}{4}$ ,,	$\frac{1}{2}$ , $\frac{2s}{s}$ , $\frac{3d}{s}$ , $\frac{71}{s}$ ,
,, 2s. 9d.—3 ,,	$\begin{array}{cccccccccccccccccccccccccccccccccccc$
$,, 2s. 8d3\frac{3}{4},$	2s. 0d.—93
$\begin{array}{cccccccccccccccccccccccccccccccccccc$	And so on.

#### Rules.

1. Employees working under signed agreements and officers who fulfil the conditions of these rules shall be entitled to the Co-partnership bonus.

The directors reserve the right to refuse permission to any man to sign an agreement who does not take an interest in the welfare of the company and its Co-partnership, or who is wasteful of the company's property, or is careless or negligent in the performance of his duty.

is careless or negligent in the performance of his dity.

2. The bonus shall be calculated on the salaries of the officers, and the wages of the employees, no account being taken of overtime. Those employees who may be employed on piece-work shall have their bonus calculated on the amount they would have earned at their ordinary rate of wages in the regular working hours.

3. No deduction shall be made on account of absence caused by sickness, unless the total amount of such absence exceeds two months (8 weeks) in the year, and then only the excess over that period shall be deducted.

4. The bonus year shall end on the 30th June in each year and the bonus shall not be declared until that date. It shall be paid in full to employees discharged from the company's service on account of slackness of work, or in the event of superannuation or death, for the period such employees have worked under agreement since the previous declaration of bonus. Men leaving the company's service of their own accord before the declaration of the bonus and with the approval of their engineer or superintendent, shall, in respect of the current year's bonus, be paid only the withdrawable half calculated on the time they have been under agreement in such year. Should a man be discharged for misconduct or breaking the terms of his agreement, he shall not be paid bonus for the expired portion of the period of the agreement he was working under at the time.

5. On the declaration of the bonus on the 30th of June in each year, or in the case of a winter man on the completion of the term specified in his agreement, the whole of the bonus to which he may be entitled (see Rule 6 for winter men) shall become the absolute property of the employee. One-half shall be separately entered in his pass book and invested in the company's Ordinary Stock, either in his own name or on his behalf in the names of the three trustees, and the other half shall be entered in his pass book to accumulate at interest, but under special circumstances, it may be allowed to be withdrawn upon giving not less than seven days' notice upon a form provided for the purpose. The whole of the bonus, however, may be placed direct to the trust account if any employee notifies the pay clerk or the Co-partnership secretary that such is his desire. Under no circumstances whatever, except fraud, shall the declared bonus or any part or any accumulations thereof, whether in the hands of the trustees or in the name of the employee, be forfeited.

6. Winter men under signed agreement shall be entitled to the full bonus, provided they return in the following winter, and leave the withdrawable half on deposit with the company. If, however, they choose to take the withdrawable half in cash, they are perfectly at liberty to do so, but in that case they will not be entitled to the other half. Should the bonus at any time amount to 10 per cent., the maximum payable to winter men who take payment in cash, viz., 5 per cent., will be reached. Winter men who leave their bonus with the company and who do not return the following season can, on application to the Secretary, obtain payment of the withdrawable portion to which they were entitled when leaving, plus

the usual interest.

7. The committee shall appoint three trustees, one director, one officer, and one co-partner workman, in whose names the half bonus and any interest, savings, or transferred amounts added thereto shall be invested annually in the company's ordinary stock. If the amount so accumulated by any employee be sufficient for the allotment of £10 or more of stock, the trustees shall transfer such amount to him. In the event of leaving the service of the company or on the death of any depositor the trustees shall pay to him or to his representatives, in accordance with Rules 5 and 11, whatever money may be standing in his name in their hands, but under no other circumstances shall any money be withdrawn from the Trust Account. The committee shall be authorised to devote out of any year's bonus a sum of money not exceeding £100 for the purpose of promoting the objects of Co-partnership.

8. Interest at the rate of 3 per cent. per annum shall be allowed on all amounts, excluding fractions of a pound, accumulated with the company. It shall be calculated up to June 30th in each year, but shall not be given

for an incomplete month.

9. The company will receive and add to his account such amounts as any employee may deposit as savings, and on all such sums interest shall be paid as per Rule 8.

10. The company will, on the application of any of their employees, make arrangements for the transfer and investment of any sums to their

credit in the withdrawable account or any other money they may desire to invest, into the stock of the company. Any employee selling stock purchased through co-partnership, without the consent of the secretary of the company, or pawning or pledging the same, will at once cease to be a co-partner, notwithstanding any agreement he may have signed. No co-partnership system can endure unless it continues to fulfil the objects for which it was founded; therefore those co-partners who do not endeavour to promote the welfare of the company and of co-partnership, and who sell, pawn or pledge stock or withdraw bonus except as allowed under special circumstances shall be struck off the list and not be permitted to renew agreements. They may, however, again become qualified after the lapse of two years if during that period they have taken an active interest in the prosperity of the business and have deposited savings equal in amount to two weeks' wages.

11. Any employee may, pursuant to the South Metropolitan Gas Act. 1896, nominate by writing in the prescribed form (which may be obtained from the Secretary), any person or persons to be registered as owner of and to transfer the whole or any part of the stock of the company belonging to him, and to receive the whole or any part of the deposits standing to his credit in the event of his death, provided that they together do not exceed the sum of £100. Such nomination may be in favour of one person or several persons either jointly or in specified shares. On the receipt of the nomination by the secretary it will be duly registered, and the nominee or nominees will, on production of proof to the satisfaction of the directors of the death of the appointer, be entitled to be registered as owner or owners of the stock, and to receive the deposits in accordance with the nomination to the amount of £100, subject, however, to a declaration as to the amount of the appointer's estate and to payment of estate duty if after deduction of debts and funeral expenses it should exceed the value of £100.

Any nomination may be revoked by the appointer by writing under his hand signed in the presence of a witness and registered with the secretary.

Where an employee has not registered a nomination and the stock and deposits belonging to him do not exceed the value of £100, the directors are authorised by Parliament, and will be prepared in a proper case (after the Estate Duty is paid if his total property exceeds £100 after deduction of debts and funeral expenses) to distribute the amount in payment of funeral expenses or debts or among his widow and children or next-of-kin, if probate of a Will or Letters of Administration are not produced within such time as they think reasonable.

12. A committee of management shall be formed to consist of the Chairman of the Board of Directors, and twenty-nine members elected by the Board, and thirty members elected by the co-partners in proportion to the numbers at each station, who shall be elected by ballot; candidates must hold and continue to hold while in office on the committee not less than £25 of stock, and they must have been not less than five years in the company's service; one-third of the elected members of the committee shall retire by rotation every year, but shall be eligible for re-election. Twenty-six members shall constitute a quorum, of which not less than thirteen shall be members who were elected by employees, and every resolution to be binding at such meeting shall have for its support a majority of the members of the committee present at, and voting upon, the resolution.

13. The committee shall appoint a secretary, who shall have no power of

14. In the event of any difference arising as to the construction of these rules, it shall be referred to the committee, whose decision shall be final and conclusive.

15. There shall be two auditors, one to be elected by the employees, the other to be appointed by the company, whose duty will be to compare and initial the employees' pass books with the general account, and for that purpose all pass books must be handed in or sent to the Head Office in the month of May in each year.

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16. The committee shall meet for the transaction of business when summoned by the secretary, but not less than twice in each year; they shall also be summoned on the requisition of five of their own number or of thirty of the employees.

17. The secretary shall receive all notices, summon all meetings of the committee, and see that all decisions of the committee are duly carried out.

18. No alteration shall be made in these rules whatever except by the sanction of the committee, and subject to notice of at least one calendar month; which notice shall state the nature of the alterations, and be posted in conspicuous places at the various stations; but nothing in these rules contained, or which may be contained in any rules hereafter agreed upon, shall give to any employee, whether officer or workman, any right to interfere in the management or control of the company's works; or in the working and carrying on of the company's business, except as provided by the Company's Acts of 1896-7 for the appointment of three directors by the employee shareholders.

19. The company shall provide all the books and other incidentals, and keep the accounts, together with a record of all the transactions, at the

company's sole cost and charges.

## FORM OF CO-PARTNERSHIP AGREEMENT.

FORM OF CO-PARINERSHIP AGREEMENT.
· Co-partnership No Pay No
MEMORANDUM OF AN AGREEMENT made the day of
191 , between the South Metropolitan Gas Company, by
their authorised representative, of the one part, and
, hereinafter called the Employee, of the other part.
1. The said Company agrees to employ the said Employee for a period
of months from the day of the date hereof at one
or other of the Stations of the said Company, if he/she shall remain sober,

honest, industrious, and performs the work allotted to him/her.

2. The said Employee agrees to serve the said Company for the said period in whatever capacity he/she may from time to time be employed by the said Company at the current rate of wages applying to such

capacity.

3. The said Employee also agrees to obey the orders of the Foreman, or

Forewoman in charge.

4. The hours of working to be 48 per week.

5. The Company undertakes that during the continuance of this Agreement the various rates of wages in force at the date hereof, and which, under Clause 2, may become payable to the said Employee, shall not be reduced.

6. The said Employee shall be entitled to the benefits and be bound by the rules and conditions of the Co-partnership so long as he/she shall continue in the service of the Company under Agreement.

As witness the hands of the parties,

For and on behalf of the South Metropolitan Gas Company.

No obstacle will be placed in the way of any employee engaged under the above Contract who may wish to leave the Company's employment before the expiration of the period of service therein specified, provided he or she shall notify such wish to the Engineer of the Station, or Superintendent of the Department at or in which he or she may for the time being be employed. On receipt of such notice the Engineer or Superintendent shall, in his or her discretion, consider whether the services of such employee can be dispensed with without detriment to the Company, and, if so, permission will be given to leave at the expiration of the usual week's notice. An Agreement may be revoked, at the discretion of the Lady Superintendent, if motherhood causes a woman's continuance at work to be inexpedient.

# (xi.) SPILLERS MILLING AND ASSOCIATED INDUSTRIES, LTD.

Rules of Staff and Workmen's Savings Bank (as amended in 1910).

- 1. Any employee of the company may become a depositor on signing the Application Form provided for the purpose.
- 2. The cashiers at the company's offices at Bristol, and other places, are authorised to receive monies from depositors for transmission to the Head Office, in sums of 10s. or multiples of 10s.
- 3. Depositors may pay to the Company's authorised collectors, for whom the company will be responsible, amounts of 1s. or multiples of 1s. not exceeding 20s. at any one time. The depositor must initial the entry of the amount in the collector's book, and the collector will initial the depositor's card, which will be his receipt for the money paid. When the total amount paid by a depositor to a collector reaches 20s. it will be transferred to the depositor's personal account in the Savings Bank books.
- 4. Interest at the rate of four per cent. per annum on every completed pound will be added to the account at the end of the financial year, the last day of February.
- 5. The amount standing to the credit of a depositor must not at any time exceed £100. When this sum is reached the employee wishing to deposit further sums may pay such sum to an ordinary deposit account with the company at the usual rates of interest.
- 6. If the company shall pay in respect of any year of the company's working a dividend on its ordinary shares at a rate exceeding 4 per cent. per annum on the nominal or face value of such shares, the depositor, if at the time of the distribution of such dividend still in the employ of the company, will be entitled to receive in respect of such year further interest at the rate of one-half per cent. per annum for every one per cent. of dividend in excess of 4 per cent. and up to 10 per cent., but in no case shall such extra interest exceed 3 per cent.
- 7. One month's notice in writing from the depositor (on the form provided for the purpose) of intention to withdraw all or any part of the amounts deposited shall be given to the Company's Accountant at the Head Office, but a depositor will be permitted to withdraw once in any one week a sum not exceeding £2 on giving two days' written notice to a collector or cashier at the branch.
- 8. A depositor withdrawing any money must produce his pass book, or collecting card, in order that the withdrawal may be recorded therein.
- 9. Depositors must send their collecting cards to the Accountant's Department at London, for audit, the first Monday in February, May, August, and November every year.
  - 10. Pass books must be sent to the Head Office, London, for addition of interest, and for purposes of audit during March in each year. Every care must be taken by the depositor to guard against the loss of his book, or collecting card.
  - 11. A depositor's pass book must not be used as a security for money borrowed, and no person holding a pass book in respect of a loan can be recognised by the company.
  - 12. On a depositor leaving the employ of the company all interest shall cease, and the balance of the account will be paid to the depositor on receipt of a notice of withdrawal.
  - 13. The company reserves the right to terminate the arrangement at any time on giving three months' notice.
  - 14. All money deposited shall be the bona fide property of the depositor.

    Disregard of this rule renders the depositor liable to forfeit all interests on deposits to which he would otherwise be entitled.

and s

(xii.) STROUD BREWERY Co., LIMITED.

Employees' Profit-Sharing Scheme-Rules and Regulations.

The directors are desirous of instituting a profit-sharing scheme for the benefit of the employees of the brewery.

The objects they have in view are:

(i) To give to those employed in the brewery a share in the profits when the company is prospering, and thus enlist their active co-

operation in securing economy and efficiency.

(ii) To assist the efforts of those who are striving to improve their

position in life.

(iii) To ensure as far as possible, in the interests of employer and employee alike, the permanence and regularity of employment.

They therefore offer to every employee (except those whose remuneration exceeds £250 per annum, those who are Buying Agents, and those whose remuneration is, either wholly or in part, derived from commission) an annual bonus upon his wages according to the following scale:-

When the Dividends are		A Bonus of							
5 per cent.	2	1 per cen	t. on wage	s earned,					
6 ,,	3	. ;)	"	"					
7 ,,	3	1 ,,	,,	,,					
8 ,,	4	, ,,	12	))					
9 ,,	4-	<b>立</b> ,,	"	,,					
10 ,,	0	,,,	",	"					
nd so increasing the bonus by	ber ce	ent. for	every 1 pe	er cent. or					

dividend. The proposal is made subject to the following rules and conditions: --

1. No employee to be entitled to a bonus until he has been for one complete year in the service of the company (with the exception of those employed in the maltings right through one season and who return to work again at the beginning of the next season and are in the company's employ in the January following).

2. The directors reserve the right of withholding the bonus from any

man whose work or conduct is distinctly careless or unsatisfactory.

3. The bonus shall be calculated to the 17th November in each year, and shall be declared in, or about, the January following, and after declaration

it shall only be liable to forfeiture in case of fraud.

4. The bonus for any current year shall be liable to forfeiture in the case of any employee who leaves without notice, or who is dismissed for misconduct; or to make good any damage caused by his carelessness or wilful neglect of duty. In acting upon this rule the decision of the directors will be final.

5. The bonus will be calculated on the total daily wages earned by the employee in the course of the year, which, for this purpose, shall end on the 17th November in each year; no account being taken of overtime.

No deduction shall be made on account of absence caused by accident or illness, unless the amount of such absence exceeds one calendar month in the year, and then the deduction shall be made only in respect of the excess over one month.

7. The bonus will be credited to the employee's account as follows:-

(a) One half will be attributed to a Trust Deposit Account, and will remain on deposit with the company, being credited half-yearly with interest at the rate of 4 per cent. per annum, and neither principal nor interest may be withdrawn until the employee dies or leaves the company's service; except that, with the consent of the directors, the whole or any part may be withdrawn for any purpose of permanent utility (the building of a house, or the purchase of a house or land).

When the amount to any employee's credit reaches £11, or any multiple of £11, the directors may\* (on the request of the employee) invest the amount in the joint names of himself and of two directors in the purchase of 5 per cent. debenture stock of the company. The interest paid on such investment shall be added to the Trust Deposit Account in the same way as detailed

for ordinary interest in the first part of this clause.

<sup>\*</sup> This option has not, in fact, been exercised.

(b) The other half will be credited to a Withdrawal Account, to which also any savings may be added by the employee. This may be withdrawn in whole or in part at any time on 10 days' notice being given to the secretary.

Until withdrawn this portion of the bonus, and any savings added to it, will remain in the company's hands to accumulate, with interest at the rate of 4 per cent. per annum to be added

half-yearly.

Each employee will be provided with a pass book which will show how the bonus is divided and the amount standing to the credit of each account.

8. An annual meeting will be held in or about the month of January in each year, when all profit-sharing employees shall be entitled to be present, and an account and statement will be put before the meeting.

9. The directors reserve the right to vary this scheme, or to withdraw it, upon giving six calendar months' notice, if, in their opinion, it fails

to fulfil the objects for which it has been established.

10. Any question or dispute that may arise in carrying out the scheme shall be decided by the Board of Directors.

Signature of en	nployee
Dated	19

## (xiii.) RICHARD THOMAS AND COMPANY, LIMITED.

## Employees' Profit-sharing Deposits.

## Rules. (Revised 30th September, 1918.)

1. The company will receive money on deposit from its employees by

instalments of one shilling or any multiple thereof.

2. In the case of employees who are paid weekly or fortnightly, the maximum amount which may be deposited is £500, and in the case of employees paid monthly, the maximum amount which may be deposited is a sum not exceeding five times the depositor's annual salary

The directors reserve the right to vary these limits, and to place a limit on the aggregate amount which may be received on deposit from the

company's employees.

3. Interest at the fixed rate of 71 per cent. (or one shilling and sixpence in the £) per annum will be allowed on every complete pound deposited, commencing on the first day of the month next following the deposit, and payable half-yearly on the 1st April and the 1st October in each year.

4. In addition to the fixed rate of interest of  $7\frac{1}{2}$  per cent. per annum, a bonus will be declared each half-year equal to the difference between the fixed rate of  $7\frac{1}{2}$  per cent. and the rate of dividend paid on the Ordinary Shares of the company, with a maximum of 20 per cent. per annum.

5. The bonus will be payable on the same date as the dividend on the

Ordinary Shares.

6. Depositors may have their interest and bonus added to their deposits instead of being paid out, on giving notice of their wish to have them

7. Except in the case of persons leaving the employ of the company, amounts withdrawn or repaid will carry both interest and bonus up to the

last day of the month preceding withdrawal or repayment. 8. The deposits of persons leaving the employ of the company will cease carry bonus as from the 31st March or 30th September preceding to carry bonus as from the dist march of both September preceding the date of leaving. Such deposits will, however, carry interest at the fixed rate of 7½ per cent. per annum up to the last day of the month immediately preceding the date of leaving, but not beyond, except that persons leaving on the last day of a calendar month will be entitled to interest up to that date.

9. Income Tax at the current rate will be deducted both from the interest and the bonus, but employees whose total income from all sources does not exceed £130 per annum can obtain repayment of the same on applying to the Income Tax authorities.

10. Deposits may be repaid or withdrawn on one calendar month's notice, except in the case of persons leaving the employ of the company,

when the deposits shall be repaid within 14 days.

11. Under special circumstances the company will allow deposits to be

withdrawn without notice.

12. All sums deposited with the company will be entered in deposit books, which will be sent to the depositors direct from the secretary's office, and no claims will be recognised by the company in respect of amounts placed on deposit or of interest or bonus thereon, unless such amounts are duly entered in a deposit book with the secretary's signature appended.

#### Instructions.

(a) Employees wishing to open deposit accounts should apply to the cashier of the works at which they are employed for a deposit form. This should be filled up and signed and handed to the cashier with the amount to be deposited.

(b) A deposit book will be sent to the depositor by post, within one week,

with the deposit duly entered.

(c) Further deposits may be paid to the cashier or sent to the secretary direct, but in either case a deposit form duly filled in and signed, together

with the deposit book, should accompany the deposit.

(d) Any employees who may desire to have a fixed sum deducted from their wages each week and placed to their credit on deposit should sign a form authorising such deduction, which may be obtained from the cashier.

(e) The deposit books of employees placing money on deposit by deduction from their wages should be sent to the secretary once every month to be entered up.

By Order of the Board,

(Signed)	
	Secretary.

Notice to be signed by Employee, if he wishes sums to be deducted regularly from his wages:—

To the Cashier,
Richard Thomas & Co., Ltd.,
......Works.

I hereby request and authorise you, until I instruct you to the contrary, to deduct the sum of shillings from my wages each week and to place the same to my credit on deposit with the company subject to the rules and instructions on the back hereof.

I desire the interest and bonus to be { \*added to my deposit. \*paid to me.

Full	Name	
Full	Postal Address	
Occu	pation	100
	ks employed at	
	Signature	
	Date	THE REAL PROPERTY.

<sup>\*</sup> Strike out the words which do not apply.

Notice of wish to Deposit, to be signed by Employee: -
10 the Secretary.
Richard Thomas & Co., Ltd., South Wales Works, Llanelly.
I hand you herewith the sum of $\pounds$ which I desire to place on deposit with the company subject to the rules and instructions on the back hereof.
I desire the interest and bonus to be { *added to my deposit.
Full Name
Full Postal Address
Occupation
Works employed at
Signature
Date
Cashier's Certificate.
I certify that I have to-day received the above amount and have credited it to Private Ledger a/c.
Cashier.
,Date
* Cross out the words which do not apply.
(xiv.) FORM OF AGREEMENT IN RELATION TO WORKMEN'S DEBENTURES, CARRYING INTEREST VARYING WITH PROFITS, FORMERLY IN FORCE WITH A FIRM OF ENGINEERS.
It is hereby agreed between

(XV) RULES OF BONUS FUND IN SCHEME OF A FIRM OF MERCHANTS.

At a meeting of directors held on the 11th June, 1918, it was resolved:—
That a new Bonus Fund be constituted by the directors setting aside out of the revenue of the financial year ending the 30th June, 1919, and each subsequent financial year, a sum equal to not less than 25 per cent. of the amount distributable (including Income Tax) among the management shareholders out of the profits which it shall be determined to distribute for that year after payment to the management shareholders of the fixed non-cumulative dividend for that year at the rate of 10 per cent.

That such bonus fund be subject to the following conditions and be

applied in manner following: -

(a) It shall be distributed by the directors as a bonus amongst such of the employees of the company as may have performed their duties in a manner satisfactory to the directors rateably in proportion to length of service and to their respective salaries, as follows:—

For the purpose of making the calculations for such distribution there shall be added to the amount of the salary of each such employee payable at the close of the financial year, in respect of which the bonus is set aside, an allowance of 5 per cent. for each year of service the employee has then completed with the Company, such addition in no case to exceed 50 per cent. The bonus shall then be distributed proportionately to the total amount of such salaries and allowances.

(b) No person holding a management share beneficially in his own right, or who is paid by piece work or wholly or partly by commission, shall participate in any distribution, and no person who is not a member of the Company's regular staff at the date of the distribution shall be entitled to participate in the distribution unless it is otherwise determined by the directors.

(c) Any employee who becomes a member of the company's regular staff during the currency of the financial year in respect of which a distribution is made may participate in proportion to the time he has been so employed, or in such other proportion

as the directors may determine.

(d) One-half of each bonus shall be paid to the employee in cash and the other half shall be paid over to the Trustees of the Company's Staff Provident Fund, as an additional contribution by the company, to be added to the amount standing to such employee's credit in the books of that fund. Provided that if any employee shall not, up to the time of distribution, have had the opportunity of joining the Staff Provident Fund, the directors may pay the whole of his or her bonus in cash.

(c, Distribution of the bonus fund shall be made yearly as soon as possible after payment of the final dividend on the management

shares of the company.

(f) So soon as possible after the 30th June in each year the directors shall cause to be prepared a list or lists of the employees who in their opinion are entitled to participate, with the amounts calculated as aforesaid of their respective salaries and additions as at the close of the financial year then last past and certifying the proportion of the amount distributable to each employee. It shall be in the absolute discretion of the directors and they shall be the sole judges as to whether or not an employee shall or shall not participate, and every such list shall be deemed to be correct and shall not be questioned and may be acted upon by the company without incurring any liability whatever

the company without incurring any liability whatever.

(g) The directors shall not be bound to distribute the whole of the bonus fund in respect of each financial year but may carry forward a portion thereof not exceeding one-half per cent. upon the total amount of salaries and additions thereto mentioned

above.

(h) No employee or number of employees shall be deemed to have any legal rights to a bonus or any interest in the bonus fund until such bonus shall have been definitely allocated to him or them by the directors.

(i) The directors may determine that all or any provisions relating to the bonus fund shall be varied from time to time as occasion or circumstances may require, and may put an end to the bonus fund as at the close of any financial year.

# (xvi.) Shareholding Scheme of a firm of Engineers.

The shares are 7 per cent. non-cumulative participating preference shares, issued to employees of the company at par. The following are the regulations relating to their issue, holding, and transfer :-

1. The shares shall be issued against payment to the company of the sum of £1 for each share, and such shares shall rank for all purposes from the date of issue pari passu with the existing preference shares of the company, provided only that the dividends on such shares shall accrue and be payable proportionately from the dates of payment of the instalments.

2. Each employee shall be entitled to apply in his own name for 5 shares or any multiple of 5, but not exceeding 100 shares in all, but a married employee may, in addition, apply in the name of his wife for 5 shares or any multiple of 5, but not exceeding 100 in all.

3. Payment for these shares shall be made, in the case of those in receipt of weekly wages, by 50 equal weekly instalments, and in the case of those in receipt of a monthly salary, by 12 equal monthly instalments. Payment in full or on account of instalments will be received at any time, and such pre-payments will rank for dividend from the date of actual payment.

4. The holder of such shares, so long as he is an employee of the company, shall be entitled, in addition to such dividend as may be declared on the preference shares from time to time, to a bonus to be paid out of the profits of the company equivalent to 3 per cent. per annum on the amounts paid up on such shares, and such bonus shall be paid half-yearly.

5. In the event of an employee being the holder of such shares leaving the company's service at a time when he has paid either in full or in part, he shall offer the said shares to the directors at the par rate plus the proportionate part to the date of sale of the accruing dividend, and in the event of the directors failing to find a purchaser among the employees or officials of the company for such shares within a period of one month at such rate, then the employee shall be entitled to retain the shares or dispose of them as he may think fit, but the right to the bonus referred to in clause 4 hereof shall cease as on the date on which the employee leaves the company's service, the proportion of the bonus to that date being paid to such employee.

6. In the event of an employee desiring to sell his shares, although remaining in the company's service, he shall offer the said shares to the directors at the rate aforesaid, subject to the conditions set forth in the previous clause.

7. In the event of the death of an employee, his heirs, executors or administrators shall offer the shares to the directors on the terms and

subject to the conditions set forth in clause 5.

8. In the event of any employee applying for shares in his wife's name, as provided in clause 2 hereof, his wife shall for the purposes of these regulations be regarded as an employee of the company so long as she holds such shares. In the event of her death her shares shall be transferred to her husband, if he be then an employee of the company. On her husband leaving the company's service her shares shall be offered to the directors, together with her husband's shares, according to the provisions of clause 5. 9. In the event of an employee being unable to continue payment of the

instalments on his shares, the directors may, upon application by the employee, agree to suspend the payments for a period of three months, at the end of which time, if the employee is not able to continue payments, he shall offer the shares for sale to the directors on the terms and subject to the conditions set forth in clause 5.

# 214 RULES OF CERTAIN PROFIT-SHARING OR CO-PARTNERSHIP SCHEMES.

10. Certificates for these shares will be issued 14 days after payment of the final instalments.

11. The above regulations, or any of them, may be varied by the Board of the company, provided that such variation shall first have been approved by a three-fourths majority at a meeting of the holders for the time being of such shares.

12. The regulations as to these shares, for the time being in force, shall

be endorsed on the certificates of such shares.

Number of Shares applied for.	5	10	15	20 25		50	75	100	
50 weekly pay- ments of	2/-	4/-	6/-	8/-	10/-	20/-	30/-	40/-	
12 monthly payments of	8/4	16/8	£1 5 0	£1 13 4	£2 1 8	£4 3 4	£6 5 0	£8 6 8	

Until such time as the directors give notice that the List of Applications for this issue is closed, employees may continue to send in applications for these shares notwithstanding the fact that they are already holders of shares (whether fully-paid or partly-paid), subject to the limitation in clause 2 hereof.

## APPENDIX F.

LIST OF PUBLICATIONS IN THE LIBRARY OF THE INTELLIGENCE AND STATISTICS DEPARTMENT DEALING WITH PROFIT-SHARING AND LABOUR CO-PARTNERSHIP.

### UNITED KINGDOM.

(a.) OFFICIAL PUBLICATIONS.

Industrial Questions and Trade Unions, Correspondence with H.M. Missions Abroad regarding. Reports relating to the Progress of Foreign Industry and Production, Co-operative Societies. &c., 1867.

Co-operation in Foreign Countries, Reports by H.M. Representatives
Abroad on the Systems of. Commercial No. 20 (1886). [C. 4783.]
Report on Profit-sharing. J. Lowry Whittle, 1890. (C. 6267.)
Report on Profit-sharing. D. F. Schloss, 1894. (C. 7458.)
Report on Profit-sharing and Labour Co-partnership in the United
Kingdom, 1912. [Cd. 6496.] Do., 1920 [Cmd. 544].
Report on Profit-sharing and Labour Co-partnership Abroad, 1914.

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[Cd. 7283.]

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July and December, 1896; July, 1897; August, 1898; August, 1899; August, 1900; August, 1901; March and July, 1902;

October, 1903; October, 1904; September, 1905; April, 1907;

January and February, 1909; October, 1910; October, 1911.

Profit-sharing and Labour Co-partnership, July, 1912; September, 1913; September, 1914; November, 1915.

Abstract of Labour Statistics of the United Kingdom. 1st (1893-94) to 17th (1915). Statistics of Profit-sharing in each issue.

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Report on Industrial and Agricultural Co-operative Societies in the United Kingdom, 1912. [Cd. 6045.] Profits and Profit-sharing with Employees (Associations of Consumers), p. xxvi. Profit-sharing (Associations of Workers), p. xxxiii.

Royal Commission on Labour, 1891-1894:—

For references see (1) Index to the Evidence given by representatives of Consenting Societies and at Various Movements.

sentatives of Co-operative Societies and of Various Movements, before the Commission sitting as a Whole. (C. 7063-iii.) (2) Index to the Evidence taken before Groups A, B and C. (C. 7063-iv.) (3) Glossary of Technical Terms. (C. 7063-v.) (4) The Agricultural Labourer. Vol. 1. Part iii (C. 6894-iii), Part iv. (C. 6894-iv.)

Part iv. (C. 6894-iv).

Small Holding Colonies Act, 1916. Annual Reports of Proceedings under.

Board of Agriculture and Fisheries. 1917 [H.C. 34/1918]; 1918

[H.C. 115/1919]. Profit-sharing in holdings.

Profit and Loss Sharing on the Farm, "Wages Board Gazette." (Agricultural Wages Board), October 15, 1919.

Coal Industry Commission, 1919. For references, see Vol. II—Reports and Minutes of Evidence on the Second Stage of the Inquiry [Cmd. 360]. Vol. III—Appendices, Charts, and Indexes [Cmd. 361].

Production and Distribution of Milk, Final Report of the Committee on.

1919 [Cmd. 483]. Report of the Sub-Committee on Labour in Dairying—Relations between employers and employees. Appendix A—Particulars of Co-partnership, Profit-sharing, and Bonus Schemes. Schemes.

(b.) Unofficial Books, Pamphlets and Articles.

Agriculture. Co-operative Agriculture: A Solution of the Land Question as exemplified in the History of the Ralahine Co-operative Agricultural Association, County Clare, Ireland. William Pare, 1870. (London: Longmans, Green & Co.)

#### RULES OF CERTAIN PROFIT-SHARING OR CO-PARTNERSHIP 214 SCHEMES.

10. Certificates for these shares will be issued 14 days after payment of

the final instalments.

11. The above regulations, or any of them, may be varied by the Board of the company, provided that such variation shall first have been approved by a three-fourths majority at a meeting of the holders for the time being of such shares.

12. The regulations as to these shares, for the time being in force, shall

be endorsed on the certificates of such shares.

Number of Shares applied for.	5	10	15	20 25		50	75	100	
50 weekly pay- ments of	2/-	4/-	6/-	8/-	10/-	20/-	30/-	40/-	
12 monthly payments of	8/4	16/8	£1 5 0	£1 13 4	£2 1 8	£4 3 4	£6 5 0	£8 6 8	

Until such time as the directors give notice that the List of Applications for this issue is closed, employees may continue to send in applications for these shares notwithstanding the fact that they are already holders of shares (whether fully-paid or partly-paid), subject to the limitation in clause 2 hereof.

Form of Application for Shares.
To the Directors of & Co., Ltd.
I (name in full)
of (full postal address)
hereby request that you will allot to me
hereby undertake to pay for the Shares allotted to me by 12 equal weekly payments, and I authorise the Company to make the processor of the payments.
from my weekly wages monthly salary for the purpose of such payment.
. Signature
Date

#### BIBLIOGRAPHY.

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#### UNITED KINGDOM.

## (a.) OFFICIAL PUBLICATIONS.

Industrial Questions and Trade Unions, Correspondence with H.M. Missions Abroad regarding. Reports relating to the Progress of Foreign Industry and Production, Co-operative Societies. &c., 1867.

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Kingdom, 1912. [Cd. 6496.] Do., 1920 [Cmd. 544].
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July and December, 1896; July, 1897; August, 1898; August,
1899; August, 1900; August, 1901; March and July, 1902;
October, 1903; October, 1904; September, 1905; April, 1907;
January and February, 1909; October, 1910; October, 1911.
Profit-sharing and Labour Co-partnership, July, 1912; September, 1913; September, 1914; November, 1915.
Abstract of Labour Statistics of the United Kingdom. 1st (1893-94) to

17th (1915). Statistics of Profit-sharing in each issue.

Report on Industrial and Agricultural Co-operative Societies in the United Kingdom, 1912. [Cd. 6045.] Profits and Profit-sharing with Employees (Associations of Consumers), p. xxvi. Profitsharing (Associations of Workers), p. xxxiii.

Royal Commission on Labour, 1891-1894:—

For references see (1) Index to the Evidence given by repre-

sentatives of Co-operative Societies and of Various Movements, before the Commission sitting as a Whole. (C. 7063-iii.) (2) Index to the Evidence taken before Groups A, B and C. (C. 7063-iv.) (3) Glossary of Technical Terms. (C. 7063-v. c.) (4) The Agricultural Labourer. Vol. 1. Part iii (C. 6894-iii), Part iv. (C. 6894-iv).

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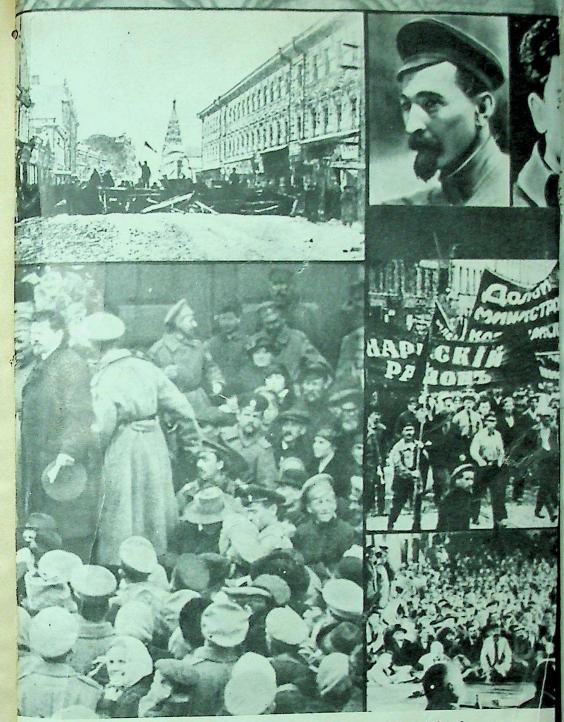
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मेंद्वांत ।

यह ग् अपने ट आंद

सर्वह

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. पदांत को दृष्टि से वोत्शेविक पार्टी दूसरे इंटरनेशनल की पार्टियों से निम्न थी, जो क्रांतिकारी कार्रवाई में असमर्प थीं। नयी लाक्षणिक विशेषताएं और खास गुण निम्न ये जिन्होंने बाद में इसके विकास के दौरान ठोस रूप प्रहण कियाः

यह मार्क्सवादी-लेनिनवादी शिक्षा से पय-प्रदर्शन प्राप्त करती तथा मृजनात्मक रूप से इसे विकसित करती है, क्रांतिकारी और ऋंतिकारी व्यवहार की अखंड एकता सुनिश्चित करती है;

प्ह मजदूर वर्ग की सामूहिक राजनीतिक नेता, इसके संगठन का सर्वोच्च रूप, समी मेहनतक ज्ञों का हरावल है; जनता के निष्ठतम संबंध इसकी अक्षय शक्ति का स्रोत है;

पह जनवादी केन्द्रीयता के आधारपर अपना कार्य करती है, अपनी कतारों की वैचारिक और संगठनात्मक एकता को, सचेत ें को अथक रूप से मजबूत बनाती तथा पार्टी सदस्यों के कार्यकलाप को बढ़ावा देती है।

ंग्ह गुटबन्दी और संकीर्णतावाद, संशोधनवाद, अवसरवाद और रूढ़िवादिता के प्रति असहिष्णु है;

अपने क्रांतिकारी कार्यकलाप के परिणामों का, अपनी नीतियों का आलोचनात्मक सिहावलोकन करती है, और अंतर्राष्ट्रीण ट आंदोलन के अनुमवों का निर्देतिर फिल्पिधीएंकि क्षायांकात खडालीसऔर क्रांतुं ल्एस।हिट्तीर्हें, Haridwar

सर्वहारा अंतरकरीमनावाद के निद्धांतों को ससंगतता से त्यम करती है।

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